

State of Alaska FY2008 Governor's Operating Budget

Department of Natural Resources Performance Measures

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Department of Natural Resources

Mission

Develop, conserve, and maximize the use of Alaska's natural resources consistent with the public interest.

Core Services

- Oil & Gas Development
- Geological and Geophysical Development
- Petroleum Pipeline Right-of-Way Leases and Coordination
- Land Title Acquisition and Defense
- Land Sales and Municipal Entitlements
- Land Uses - Claims, Permits, and Leases (includes Mine Development)
- Water Development
- Large Project Management & Permitting
- Habitat Management & Permitting
- Alaska Coastal Management Program coordination and administration
- Forest Management and Development
- Wildland Fire Preparedness and Suppression
- Parks Management and Development
- State Historic Preservation Program Administration
- Agricultural Development
- Recordation and UCC Indexing
- Information Resource Management and Access
- Support Services for all the above operations

End Results	Strategies to Achieve Results
<p>A: Encourage resource development that creates Alaskan jobs and ensures economic growth in all regions of the State.</p> <p><u>Target #1:</u> Increase the total employment in the Natural Resources & Mining Industries category as reported in the Alaska Economic Trends by 1%.</p> <p><u>Measure #1:</u> Percentage of employment growth as measured by the Alaska Department of Labor for resource industries.</p>	<p>A1: Facilitate responsible resource development through project management, review, stewardship, and permitting services.</p> <p><u>Target #1:</u> 100% of large resource development projects are reviewed, expedited, coordinated, and shepherded through the state permitting system by knowledgeable and experienced project managers.</p> <p><u>Measure #1:</u> Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.</p>
End Results	Strategies to Achieve Results
<p>B: Ensure resource development planning, management, and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.</p> <p><u>Target #1:</u> 100% of resource developers meet agency requirements for protection of fish, wildlife, and their habitats.</p> <p><u>Measure #1:</u> Percentage of developers in compliance with their approved permit.</p> <p><u>Target #2:</u> 100% review of resource development projects</p>	

received for compliance with Alaska Coastal Management Program (ACMP) requirements.
Measure #2: Percentage of reviewed projects that comply with ACMP requirements

End Results**Strategies to Achieve Results**

C: Ensure resource sustainability and multiple use, including the recreational enjoyment of the resource base.

Target #1: 100% compliance with Forest Resources and Practices Act (FRPA) best management practices.

Measure #1: Percent compliance with FRPA Best Management practices.

End Results**Strategies to Achieve Results**

D: Streamline natural resource leasing, sales, and permitting processes.

Target #1: 100% availability of DNR computer systems and web sites for the employees and the public to expedite their transactions.

Measure #1: Percentage of availability of DNR information systems

Major Activities to Advance Strategies

- See individual components

FY2008 Resources Allocated to Achieve Results

FY2008 Department Budget: \$139,120,100

Personnel:

Full time 789

Part time 251

Total 1,040

Performance Measure Detail

A: Result - Encourage resource development that creates Alaskan jobs and ensures economic growth in all regions of the State.

Target #1: Increase the total employment in the Natural Resources & Mining Industries category as reported in the Alaska Economic Trends by 1%.

Measure #1: Percentage of employment growth as measured by the Alaska Department of Labor for resource industries.

Average Monthly Employment in Natural Resources and Mining

Year	YTD Total	% change
2003	10,200	
2004	10,100	-1%
2005	10,700	+6%
2006	11,650	+9%

2006 Data - thru August 2006 = source Dept. Of Labor Industry Employment Estimates

Analysis of results and challenges: These numbers include:

- Logging
- Mining
- Oil & Gas Extraction

When evaluating these numbers from 2003 to the current number one observes an initial slow down in employment of the average monthly employment, but now as of the month of August 2006 this number climbed to 12,200 - a record high (550 above the ytd monthly average).

A1: Strategy - Facilitate responsible resource development through project management, review, stewardship, and permitting services.

Target #1: 100% of large resource development projects are reviewed, expedited, coordinated, and shepherded through the state permitting system by knowledgeable and experienced project managers.

Measure #1: Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.

Number of Project Managers/Coordinators by Fiscal Year

Year	YTD Total
2005	6
2006	7
2007	7

Analysis of results and challenges: Every large resource development project has a Project Manager or Coordinator assigned to it. Although the Office of Project Management & Permitting (OPMP) does not (and cannot) control the amount of resource development that is proposed in the State, it can respond to proposals and offer project management services to promote the responsible development of the State's resources. As can be seen by the graph, the number of large resource development projects that OPMP is coordinating is increasing. This is a reflection of the superior service that OPMP offers in project management, review, stewardship, and permitting services. Similarly significant and indicative of the success and value of the OPMP services is the amount of funding resource develop applicants are providing to OPMP to manage their projects. This past fiscal year (FY06), OPMP secured \$1.6 million in funding to manage projects. For this fiscal year (FY07), OPMP has already secured \$1.8 million in funding to manage projects. Trend-wise, these data indicate that OPMP continues to consistently achieve a high level of project management services, and is embraced by the industry and state agencies as promoting responsible resource development through superior project management.

Such project management success can be seen in the recent final permitting for the Pogo Mine, the Kensington Mine, and the Rock Creek Mine.

B: Result - Ensure resource development planning, management, and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.

Target #1: 100% of resource developers meet agency requirements for protection of fish, wildlife, and their habitats.

Measure #1: Percentage of developers in compliance with their approved permit.

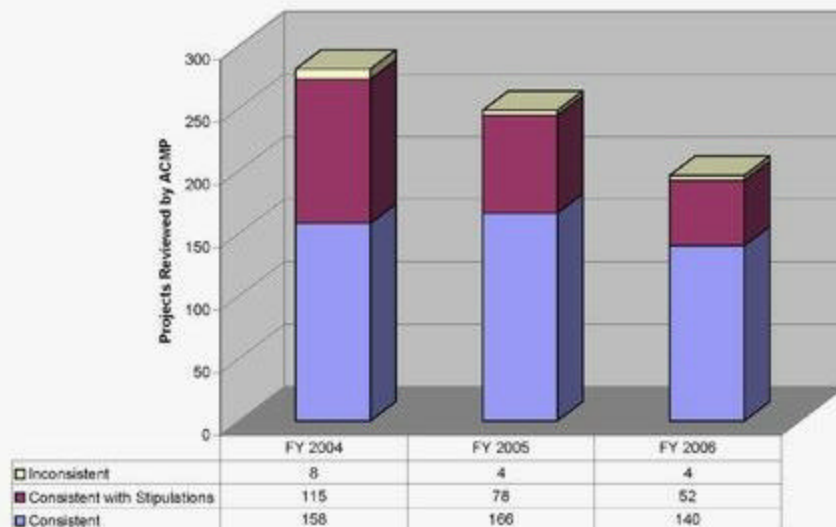
of Title 41 permit applications reviews

Year	% in Compliance	YTD Total
2004	99.6%	1,597
2005	99.6%	2,397
2006	99.7%	2,648

Analysis of results and challenges: 99.7% of all developers are in compliance with Fish Habitat permits (Title 41). The above percentage reflects projects where permits have been successfully issued and the developer is in compliance with their approved permit conditions. This percentage is an indication of our success in protecting fish, wildlife, and their habitats, while allowing approvable development activities to proceed. Data are not available for FY 2003, the year the Office of Habitat Management and Permitting (OHMP) moved to the Department of Natural Resources (DNR) from the Department of Fish & Game. Further, the number of Title 41 permit applications reviews continues to increase. For FY 04, 05, and 06, the numbers were 1597, 2397, and 2648, respectively, or an increase of almost 66% in 3 years. Trend-wise, this data indicates that OHMP continues to consistently achieve a high level of habitat protection simultaneous with an increase in permitted development activity.

Target #2: 100% review of resource development projects received for compliance with Alaska Coastal Management Program (ACMP) requirements.

Measure #2: Percentage of reviewed projects that comply with ACMP requirements



Analysis of results and challenges: 97% of all projects are compliant with the ACMP laws. The above percentage reflects projects that were compliant as proposed by the applicant, as well as projects that were modified by alternative measures that were needed to bring the projects into compliance. This percentage is an

indication of our success in protecting coastal uses and resources while promoting resource development activities.

The graph also illustrates the number of individual project's the Office of Project Management & Permitting (OPMP) reviews for consistency with the ACMP. As demonstrated, there is a steady decrease in individual consistency reviews conducted by OPMP. While it may indicate there is a decrease in resource development activities, it is more likely a result that OPMP is processing more projects in a streamlined fashion under the List of Expedited Consistency Review and State Authorizations Subject to the ACMP (ABC List). Streamlined consistency reviews and greater use of the ABC List allows OPMP staff to spend more time on the more complex and controversial projects. Trend-wise, this data indicates that OPMP continues to consistently achieve a high level of coastal use and resource protection, even during significant program change and a refocusing of the workload.

C: Result - Ensure resource sustainability and multiple use, including the recreational enjoyment of the resource base.

Target #1: 100% compliance with Forest Resources and Practices Act (FRPA) best management practices.

Measure #1: Percent compliance with FRPA Best Management practices.

% Compliance by Region.

Year	Region I	Region II	YTD Total
2005	93%	70%	0
2006	95%	80%	0

Analysis of results and challenges: FRPA compliance is measured through routine monitoring with score sheets. Implementation of best management practices is rated on a scale of 1 to 5. For this analysis, scores of 4 and 5 are considered compliant. Data are compiled by calendar year – the most recent data is for 2005. Annual data is not shown for Region III because of the inaccuracy inherent in the small sample size in this region. Sample size reflects the relatively small extent of harvesting in Region III (less than 10% of the statewide acreage harvested is in Region III), particularly on private land.

Average scores for Region I increased slightly in 2005, and the overall percentage of compliant scores increased considerably in Region II. Region II scores were lower than those for Region I, due to the adverse impacts of a few problem operations on the overall ratings. The Division of Forestry is targeting training to improve compliance in Region II and increase sample size in Region III.

D: Result - Streamline natural resource leasing, sales, and permitting processes.

Target #1: 100% availability of DNR computer systems and web sites for the employees and the public to expedite their transactions.

Measure #1: Percentage of availability of DNR information systems

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

The prioritization of the department's programs is reflected in the order of its components. The policy and administration are listed first before the highest operational priority of Oil & Gas Development. Oil & Gas Development provides the most revenues to the state, yet many of the other departmental programs are essential for oil & gas development to take place. At the bottom of our priority order are those components which serve internal chargeback functions.

The Fire Suppression Program is listed as the second priority RDU. Once there is a wildland fire that activity obviously becomes the highest priority as it is an emergency response function.

Parks & Recreation Management is listed as the third priority RDU.

1. Resource Development

2. Fire Suppression
3. Parks & Recreation

Component: Administrative Services

Contribution to Department's Mission

To provide effective and efficient administrative services to departmental employees and programs in order to maximize public service.

Core Services

This component provides administrative policy and management services to the department.

The Administrative Services Component consists of three sections, with staff located in Juneau and in Anchorage. The sections are:

1. Administrative Support
2. Financial Services
3. Revenue and Resource Accounting

The Administrative Support Section:

The Administrative Support Section includes the Director of the Support Services Division. This position provides general management and oversight to the State Recorder's Offices, the Information Resources Management Section, and Administrative Services Sections.

The Administrative Services Group:

- Prepares and monitors the operating and capital budgets for the department
- Tracks legislation, keeps bill analysis and fiscal notes current
- Provides legislative testimony on the department's budgets
- Manages office space, contracting services, procurement and control for vehicles, equipment, supplies, and support services such as mail and courier service
- Provides consolidated mailroom services for the Anchorage DNR divisions.

The Financial Services Section:

This section provides centralized financial management and accounting support to the department. The centralized functions include payment of all invoices; program receipts, federal grant and reimbursable service agreements accounting; payroll labor cost distributions; appropriation accounting; and payment of all inter-department billings. Financial Services establishes and implements departmental financial policies and procedures in accordance with laws, statutes, regulations, and Generally Accepted Accounting Principals (GAAP). This Section also provides departmental training in financial policies and procedures, grant accounting and AKSAS.

The Revenue & Resource Accounting Section:

This section is responsible for the revenue accounting for all DNR programs. In FY06 ~ \$1.9 billion in revenues were collected and accurately distributed to over 550 accounts within the DNR revenue structure.

End Results	Strategies to Achieve Results
A: Accurate and timely accounting <u>Target #1:</u> Clean financial audits <u>Measure #1:</u> No audit finding or recommendations	A1: Hire the best qualified candidates for vacant administrative positions <u>Target #1:</u> 100% compliance <u>Measure #1:</u> Percentage of success in recruiting the best qualified candidates for our vacancies.
End Results	Strategies to Achieve Results

B: Prepare and Monitor Budgets meeting Department and Governor's targets <u>Target #1:</u> 100% of our components stay within allocation authorizations <u>Measure #1:</u> Percentage of components staying within allocation authorizations	B1: Maintain a Management Information System that allows for timely and accurate budget tracking <u>Target #1:</u> Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately <u>Measure #1:</u> # of reports prepared.
End Results	Strategies to Achieve Results
C: Meet the department's central administrative needs at the lowest possible cost <u>Target #1:</u> Keep the Indirect Cost Rate below 15% of the department's personal services budget <u>Measure #1:</u> % of the DNR Indirect Cost rate - approved by the federal government.	C1: Consolidate space to the maximum level possible <u>Target #1:</u> Look at sharing rural offices between state agencies and combine DNR offices in the larger leases <u>Measure #1:</u> square feet consolidated, or dollars saved in leasing budget

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Budget preparation and monitoring • Resource revenue collection and billings • Office lease administration • Restricted revenue accounting, billing, and collections • Accounting structure and report management | <ul style="list-style-type: none"> • Procurement and property management • Legislative hearing support and testimony • Compliance with statutory, regulatory, administrative, and professional requirements • Management and supervision of department administrative support functions |
|---|---|

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,896,200

Personnel:

Full time	31
Part time	1
Total	32

Performance Measure Detail

A: Result - Accurate and timely accounting

Target #1: Clean financial audits

Measure #1: No audit finding or recommendations

audit findings or recommendations

Year	YTD Total
2003	0
2004	0
2005	0
2006	0

There have been no audit findings or recommendations for the past four years - an independent verification that the DNR accounting and financial practices meet all applicable requirements.

Analysis of results and challenges: DNR is audited each year as part of the annual comprehensive financial audit performed by the Alaska Legislative Audit Division.

A1: Strategy - Hire the best qualified candidates for vacant administrative positions**Target #1:**100% compliance**Measure #1:** Percentage of success in recruiting the best qualified candidates for our vacancies.**Percentage of success in hiring best qualified candidate**

Year	YTD Total
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: DNR has been successful in hiring from within the department and in some cases from other departments. An issue is the fact that we do not have qualified applicants from outside the State System apply, which limits the candidate pool. State pay scales are no longer competitive in the open market for the accounting and procurement fields.

B: Result - Prepare and Monitor Budgets meeting Department and Governor's targets**Target #1:**100% of our components stay within allocation authorizations**Measure #1:** Percentage of components staying within allocation authorizations**DNR Components staying with allocation authorizations**

Year	YTD Total
2003	100%
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: 100% compliance each year.

B1: Strategy - Maintain a Management Information System that allows for timely and accurate budget tracking

Target #1:Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately

Measure #1: # of reports prepared.**Budget Status reports prepared**

Year	YTD Total
2004	10
2005	10
2006	10

Analysis of results and challenges: 100% compliance. The result was all budgets stayed within their expenditure authorizations. Line-item authorizations were entered timely to reduce rejections. Restrictions were placed on unrealized revenues.

C: Result - Meet the department's central administrative needs at the lowest possible cost

Target #1: Keep the Indirect Cost Rate below 15% of the department's personal services budget

Measure #1: % of the DNR Indirect Cost rate - approved by the federal government.

Indirect Cost Rate

Fiscal Year	YTD Total
FY 1999	16.3%
FY 2000	16.7%
FY 2001	17.7%
FY 2002	16.2%
FY 2003	15.5%
FY 2004	15.7%
FY 2005	13.6%
FY 2006	13.5%

Analysis of results and challenges: The DNR Administrative Services functions vary from other departments as one of the sections included is the Resource Revenue & Accounting Section, which is responsible for all the billing, collecting, and accounting of the more than \$1.0 billion worth of resources revenues. In addition this organization is managing the department's Information Technology Group and the Recording Offices operations.

The transfer of the Habitat Management & Permitting from ADF&G and the Coastal Management Program from the Governor's Office increased the workload but also resulted in a lower Indirect Cost Rate - starting in FY05.

The Wildland Fire Suppression activities may double the number of employees and total general (and federal) fund expenditures during the fire season resulting in unique workload management and staffing requirements. The inclusion of the Wildland Fire Suppression activities may result in temporary changes in the Indirect Cost Rates due to carry forwards.

C1: Strategy - Consolidate space to the maximum level possible

Target #1: Look at sharing rural offices between state agencies and combine DNR offices in the larger leases

Measure #1: square feet consolidated, or dollars saved in leasing budget

Facility Cost saved

Year	YTD Total
2004	\$100,000
2005	\$175,000
2006	\$25,000

Analysis of results and challenges: In FY04 and FY05 we added roughly ~50 additional positions into the Atwood building by consolidating space, and better space utilization - thus avoiding the need to rent ~7,000 additional sq. ft. of office space. This translates into roughly a \$100,000 savings on an annual basis.

In FY06 we worked with Division of Motor Vehicles on a shared services agreement for the Nome Recorder's office.

We are using the state space standards to optimize our leasing budgets. In Juneau we freed up space in FY05 to accommodate the new Central Travel Office contractor, U.S. Travel. We are also scanning and archiving over 7,000 of our historical books in our Recorder's Offices and plan to lease less square feet for each of these offices as our leases are being renewed.

Component: Information Resource Management

Contribution to Department's Mission

Provide information technology services and graphic land records to the Department of Natural Resources, and assure public access to information.

Core Services

1. Create and maintain the state status plat maps that display location and distribution of state lands, property rights, and active DNR business cases.
2. Create, maintain, and upgrade DNR business transaction systems via a centralized database of land management activity; including case, customer, revenue and billing, location, Recordings, Uniform Commercial Code, and electronic document management.
3. Create and maintain the centralized DNR Geographic Information Systems databases and maps used for policy, planning, and land management decisions.
4. Provide computer support, networking, email access, data storage, security, server administration, disaster recovery, help desk and other information technology services to DNR.
5. Build and maintain the primary DNR public access web pages and Internet portals that support millions of public use searches into department databases.
6. Deliver Internet-ready business systems to simplify the process of working with government on resource development projects.

End Results	Strategies to Achieve Results
<p>A: DNR business processes are efficiently automated and easy to use by customers, both internal and external. Productivity increases for staff. A positive environment for economic investment is created; applicants know what is expected.</p> <p><u>Target #1:</u> All DNR business transactions and permit applications can be conducted electronically. <u>Measure #1:</u> Number of on-line business applications.</p> <p><u>Target #2:</u> 99.9% availability of DNR information systems at any time of day, or day of the year, excluding scheduled downtime for maintenance. <u>Measure #2:</u> % of time internal networked devices (computers, printers, copiers) fully operational for DNR staff.</p> <p><u>Target #3:</u> Raise productivity per cartographer to 2,000 of cases completed per year reflecting benefits of automation. <u>Measure #3:</u> Average number of cases updated per cartographer per year.</p>	<p>A1: DNR staff have fast, efficient, and well managed Personal Computers to accomplish their jobs.</p> <p><u>Target #1:</u> Maintain a ratio of less than 1% of tech support for department customers. <u>Measure #1:</u> Number of full time network and desktop support staff supporting department wide customers as a percent of the total DNR staff numbers being supported.</p> <p>A2: Computerized systems are designed to support and enhance the business processes defined by statute, regulation, and management.</p> <p><u>Target #1:</u> Automate three business processes per year and put on-line for customers and staff. <u>Measure #1:</u> Number of business processes automated.</p> <p><u>Target #2:</u> Three business processes which incorporate mapping and document management technologies. <u>Measure #2:</u> Number of business applications that use mapping and document management solutions to support the strategy.</p>

End Results	Strategies to Achieve Results
<p>B: State Land Records and data are maintained, protected from natural disaster, and made publicly accessible.</p> <p><u>Target #1:</u> Reduce the total backlog of pending actions by 5% per year with the aim to have less than 1000 pending actions.</p> <p><u>Measure #1:</u> Number of pending actions requiring status plat updates at the start of the fiscal year.</p> <p><u>Target #2:</u> A tested disaster recovery plan has been prepared and is ready to execute if so ordered.</p> <p><u>Measure #2:</u> A disaster recovery plan has been written, approved, and tested.</p>	<p>B1: Automate update processes to DNR land records web site to assure current information is available for staff decision making.</p> <p><u>Target #1:</u> Eliminate duplicate data entry between tabular mainframe system and spatial mapping system.</p> <p><u>Measure #1:</u> Duplicate data entry eliminated by having the Plat Information Management System in production by December 2005.</p> <p><u>Target #2:</u> Utilize data entry at State Records Office to eliminate duplicate entry into LAS Mainframe System for mining claims, plats (surveys), and state deeds.</p> <p><u>Measure #2:</u> Number of transactions that are automatically linked to Land Administration System from Recorder's Data Entry, eliminating duplicate data entry.</p>
End Results	Strategies to Achieve Results
<p>C: Public can conduct business or query DNR databases without requiring staff intervention; lower the cost of doing business with DNR via automation.</p> <p><u>Target #1:</u> Accommodate a 10% annual increase per year for hits on our web sites, # of terabytes of data downloads, and the average of number of visits per day.</p> <p><u>Measure #1:</u> Total count of web statistics for visits per day, volume of downloads (bandwidth); and total hits per year.</p>	<p>C1: Allow the public to complete on-line forms or make reservations and submit with payment at their convenience; save DNR staff time by reducing data entry requirements.</p> <p><u>Target #1:</u> 80% of all Burn Permits issued via the Internet System.</p> <p><u>Measure #1:</u> Percentage issued via the Internet System.</p> <p><u>Target #2:</u> 80% Reduction in UCC paper filings by implementing on-line Uniform Commercial Code interactive process.</p> <p><u>Measure #2:</u> Percentage of total UCC filings posted via the self-help Internet based system.</p> <p><u>Target #3:</u> Execute 85% of State Parks Cabin Reservations over the self-help Internet web site.</p> <p><u>Measure #3:</u> Percent of cabin reservations used Internet self-help system.</p>

Major Activities to Advance Strategies

- | | |
|---|--|
| <ul style="list-style-type: none"> • Strategic planning for IT projects for DNR • Leveraging staff and technology across projects • Collaboration with other State, Federal, Local Government, and Native groups • Position DNR as a leader in GIS applications | <ul style="list-style-type: none"> • Provide central desktop support through use of standards and remote software applications • Provide business applications through WEB based technologies • Set standards for classifications and legends for Status Plats • Provide data base management and reduction of duplication |
|---|--|

FY2008 Resources Allocated to Achieve Results

Personnel:

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$3,512,500

Full time	30
Part time	0
Total	30

Performance Measure Detail

A: Result - DNR business processes are efficiently automated and easy to use by customers, both internal and external. Productivity increases for staff. A positive environment for economic investment is created; applicants know what is expected.

Target #1: All DNR business transactions and permit applications can be conducted electronically.

Measure #1: Number of on-line business applications.

Analysis of results and challenges: At the end of FY06, DNR had 14 on-line business services, out of an estimated total of 200. See the web site below for a cumulative view of progress toward the goal.

Target #2: 99.9% availability of DNR information systems at any time of day, or day of the year, excluding scheduled downtime for maintenance.

Measure #2: % of time internal networked devices (computers, printers, copiers) fully operational for DNR staff.

ESTIMATED HOURS OF SYSTEM UPTIME

Year	HRS UPTIME	% UPTIME	DAYS UP
2000	8,640	98.6%	360
2001	8,660	98.8%	361
2002	8,680	99.1%	361
2003	8,680	99.1%	361
2004	8,630	98.5%	359
2005	8,610	98.3%	358
2006	8,672	99.0%	365

New statewide security measures and anti-virus standards helped to raise overall system uptime.

Analysis of results and challenges: FY 2005 Increasing number of power outages, increased inter-dependencies on Oracle and associated DNR data center infrastructure (vs. ETS data center which has 24*7 coverage) led to a slight increase in overall system unavailability. Impact of viruses and worms continued trend from 2004.

Need to tie DNR data center to building backup generator to raise uptime, need to implement DOA-ETS security plan.

Target #3: Raise productivity per cartographer to 2,000 of cases completed per year reflecting benefits of automation.

Measure #3: Average number of cases updated per cartographer per year.

Average Updates Per Cartographer Per FY

Year	# Updates	Target
2000	1368	1400
2001	2542	2000
2002	1559	1600
2003	1456	1600
2004	1715	1800
2005	1773	1800
2006	2041	2000

FY01 had large backlog of mining claims and prospecting sites processed. One time clean-up.

FY06 Showing some of the automation benefits from the Core GIS Project, additional progress expected in 2007.

Analysis of results and challenges: Keeping the Land Records current is an important requirement to avoid any conflicts in the use of the land due to out dated records. With the increase of activity on our state lands it is important that our cartographers responsible for updating the data base become more efficient as no new staff is projected to be added in the current budget.

A1: Strategy - DNR staff have fast, efficient, and well managed Personal Computers to accomplish their jobs.

Target #1: Maintain a ratio of less than 1% of tech support for department customers.

Measure #1: Number of full time network and desktop support staff supporting department wide customers as a percent of the total DNR staff numbers being supported.

Network and Desktop Support Staff

Fiscal Year	DNR Full-Time Staff	Tech CIC Staff	Percent Tech
FY 2004	691	6	0.9%
FY 2005	722	6	0.8%
FY 2006	766	7	0.9%
FY 2007	851	8	0.9%

Network and desktop staff in the Computer Information Center support all divisions except DGGS, Oil and Gas, and Joint Pipeline Office. Percents below 1% are well below industry standards.

Analysis of results and challenges: The ratio of IT network and desktop support staff to full time staff is about 1%. This low cost ratio is made possible by DNR and State IT Standards. The ratio needs to increase (more tech staff) as the state has adopted the more complex Microsoft Network Operating System.

A2: Strategy - Computerized systems are designed to support and enhance the business processes defined by statute, regulation, and management.

Target #1: Automate three business processes per year and put on-line for customers and staff.

Measure #1: Number of business processes automated.

Business Processes Automated

Fiscal Year	DNR Process On-Line	Target
FY 2004	3	4
FY 2005	3	4
FY 2006	1	4

See analysis for specific processes.

Analysis of results and challenges: 2006: Q1 One new automation: All DNR recorded transactions automatically linked into Land Administration System, saves staff time, provides access to electronic recorded documents.

2005: 1) Cabin Reservations on-line; > 85% all rentals now done over the Internet; 2) register commercial recreation On-line; 3) updated land sale bidding and over the counter sales system (joint project with Mining, Land and Water)

2004: 1) Uniform Commercial Code on-line; ~ 15% of all UCC filings. 2) Burn Permits on-line. 3) New Credit Card System for Internet payment.

Target #2: Three business processes which incorporate mapping and document management technologies.

Measure #2: Number of business applications that use mapping and document management solutions to support the strategy.

New Document and Mapping Systems

Year	Doc Systems	Map Systems	YTD Total	Target
2004	1	1	2	2
2005	1	2	3	3
2006	1	1	2	4

Document systems use in-house software developed for specific application. DNR now working to deploy a Stellent based Case-management solution.

Mapping systems are open for other departments to access. DNR and AOGCC share a common data system that assures consistency and does not duplicate data.

Analysis of results and challenges: 2006: Updated platting system, Alaska Mapper Released.

FY06 Q3 Projection: Coastal Project Questionnaire on-line w/ map analysis.

2005: New state status plat designed. New bibliographic doc system for minerals data. New mapping front end for minerals data.

2004: State Recorder's doc system expanded. High growth rate.

DNR-AOGCC Web Site for oil and gas technical data.

B: Result - State Land Records and data are maintained, protected from natural disaster, and made publicly accessible.

Target #1: Reduce the total backlog of pending actions by 5% per year with the aim to have less than 1000 pending actions. .

Measure #1: Number of pending actions requiring status plat updates at the start of the fiscal year.

Status Graphics Workload Analysis

Fiscal Year	Beginning Balance	New Casework	Cases Updated	Ratio Updated / New Work
FY 2000	16790	13,684	19,154	140%
FY 2001	11320	30,355	33,042	109%
FY 2003	8633	12,001	17,151	91%
FY 2004	3483	15,132	13,717	91%
FY 2005	4817	11,651	10,640	91%
FY 2006	6232	11,667	12251	105%
FY 2007	6124	0	0	0

A low beginning balance of pending cases at the start of each fiscal year means the information on the status plat is being kept current. The target is 1000.

Analysis of results and challenges: In FY2007 DNR will place a new state platting system into production introducing many efficiencies such as automatically updating the plat when only case status changes. Currently, the oldest pending action is about 12 months, and is ~4 months for townships of highest activity.

Target #2: A tested disaster recovery plan has been prepared and is ready to execute if so ordered.

Measure #2: A disaster recovery plan has been written, approved, and tested.

B1: Strategy - Automate update processes to DNR land records web site to assure current information is available for staff decision making.

Target #1: Eliminate duplicate data entry between tabular mainframe system and spatial mapping system.

Measure #1: Duplicate data entry eliminated by having the Plat Information Management System in production by December 2005.

Analysis of results and challenges: Target for System on-line moved to December 2006.

Target #2: Utilize data entry at State Records Office to eliminate duplicate entry into LAS Mainframe System for mining claims, plats (surveys), and state deeds.

Measure #2: Number of transactions that are automatically linked to Land Administration System from Recorder's Data Entry, eliminating duplicate data entry.

Automated Links from Recording to LAS

Fiscal Year	Doc Rec Links	Plat Filed
FY 2006	52,489	162

Table reports on the numbers of automated transactions created by having a document recorded. Over 50,000 DR transactions eliminates duplicate data entry in the Land Administration System (LAS). Plat Filed (PF) eliminates duplicate scanning and doc. handling costs.

Analysis of results and challenges: DNR-LRIS programmers have automated linkage of the following transactions:

Document Recorded (DR)

Plat Filed (PF)

Conveyance Recorded (CR)

These transactions have generated automated links to over 60,000 transactions in the Land Administration, primarily in Title and Mining Case Files.

C: Result - Public can conduct business or query DNR databases without requiring staff intervention; lower the cost of doing business with DNR via automation.

Target #1: Accommodate a 10% annual increase per year for hits on our web sites, # of terabytes of data downloads, and the average of number of visits per day.

Measure #1: Total count of web statistics for visits per day, volume of downloads (bandwidth); and total hits per year.

DNR Web Sites Usage

Year	Visits / Day	Downloads - GB	Hits / Yr	% increase
2004	3468	641 GB	44,507,108	0
2005	4282	2113 GB	61,256,646	38%
2006	4763	2513 GB	71,487,000	17%

Total hits and download data are not available prior to 2004.

2005 Showed over 300% growth in downloads, this is primarily from public access directly downloading GIS data from DNR, commonly from companies working on permitting issues. Over two terabytes downloaded in CY 2005.

2006 Data are projected annual totals based on data through August '06.

Analysis of results and challenges: DNR web site continues to grow in use as on-line applications provide convenient answers to users, and saves staff time from phone calls and independent research for customers. Amount of data being downloaded from the site continues to grow.

C1: Strategy - Allow the public to complete on-line forms or make reservations and submit with payment at their convenience; save DNR staff time by reducing data entry requirements.

Target #1: 80% of all Burn Permits issued via the Internet System.

Measure #1: Percentage issued via the Internet System.

Burn Permits Issued Via the Internet

Year	# of Permits	%
2004	3000	38%
2005	3500	45%
2006	4730	70%

Increasing use of on-line permit system saves time in State Forestry Offices. Updated system planned for FY07.

Analysis of results and challenges: FY2006: Permit number increased to over 4000. Work begins on integrating Fairbanks methods using borough parcel ownership information to help locate permitted site and confirm permit owner.

FY2005: Over 3500 permits issued using the new Internet system. Mat-Su, Palmer, and Kenai are areas of highest use.

FY2004: Over 3000 burn permits total, 38% were Internet based. Savings to Div. of Forestry ~ 200 hours; customer satisfaction higher because of convenience.

Target #2: 80% Reduction in UCC paper filings by implementing on-line Uniform Commercial Code interactive process.

Measure #2: Percentage of total UCC filings posted via the self-help Internet based system.

UCC Filings Made Over the Internet

Fiscal Year	Percent of Filings
FY 2004	5%
FY 2005	20%
FY 2006	50%
FY 2007	70%

Recorder's Office marketed this automated service to their key institutional customers in FY06.

FY07 is initial projection based on recent filing activity in Q1.

Analysis of results and challenges: Automated UCC filings reduce the cost to the state by eliminating the need for most data entry. The process is more efficient for applicant once setup; eliminates paper handling and filing costs. System meets national standards.

Target #3: Execute 85% of State Parks Cabin Reservations over the self-help Internet web site.

Measure #3: Percent of cabin reservations used Internet self-help system.

Percent of Cabin Reservation Made On-Line

Year	% of Reservations	Target
2004	70%	75
2005	85%	85
2006	84%	85

Analysis of results and challenges: Average projected savings to DNR is about 4 days of labor per month. Significant savings to public reduces travel time and scheduling constraints (24 hr availability for Internet).

Component: Oil & Gas Development

Contribution to Department's Mission

The Division of Oil and Gas manages oil and gas lands in a manner that assures both responsible oil and gas exploration and development and maximum revenues to the state.

Core Services

A. Encourage Exploration and Development:

- Make prospective lands available for oil and gas exploration, development, and production on a predictable basis.
- Provide publicly available existing and new oil- and gas- related information to technical users, the general public, and the press through technical publications, informational pamphlets, the Web site, or personal contact.
- Provide technical and policy support for the Alaska congressional delegation, the governor's office, the Legislature, and the commissioner of DNR.
- Adjudicate exploration and development permits effectively and maintain a proactive inspection program.

B. Maximize Benefits of Development and Production to the State:

- Administer conventional oil and gas leases and exploration licenses, as well as exploration incentive programs.
- Maximize the economic and physical recovery of hydrocarbon resources through unitized or cooperative operations.
- Ensure that exploration, leasehold, and unit-related operations are conducted in a timely and environmentally sound manner, with emphasis on long-range system integrity.
- Advocate responsible oil and gas development throughout the State.

C. Maximize Non-tax Revenue from State Oil and Gas Production:

- Ensure that the state receives full value from the extraction and sale of state oil and gas resources.
- Develop marketing strategies and negotiate agreements for the sale of royalty oil and gas to provide in-state benefits and revenue enhancements.
- Ensure that bonus, rental, license fees, net profit, and royalty payments are correct, allocated to the proper revenue fund and received when due.
- Ensure that shared federal bonus, rent, and royalty revenues are properly received and allocated to the proper revenue fund.
- Ensure that the state's resource ownership interests are effectively represented in the North Slope gas contract and provide technical and commercial support in the negotiations.

End Results	Strategies to Achieve Results
A: Encourage Exploration and Development. <u>Target #1:</u> Maintain 3,600,000 acres or more under lease during fiscal year. <u>Measure #1:</u> Amount of state acreage under lease. <u>Target #2:</u> Maintain 1,500,000 acres or more under exploration license during fiscal year. <u>Measure #2:</u> Amount of state acreage under license. <u>Target #3:</u> Ten new exploration wells in fiscal year. <u>Measure #3:</u> Number of new exploration wells drilled per year.	A1: Hold regularly scheduled lease sales. <u>Target #1:</u> Five sales held on schedule in accordance with the Five-Year Program. <u>Measure #1:</u> Number of sales held on schedule. A2: Promptly issue leases and licenses without compromising legal integrity of the lease or license. <u>Target #1:</u> Leases awarded within nine months of lease sale. <u>Measure #1:</u> Average time to award a lease. <u>Target #2:</u> Licenses awarded within 18 months. <u>Measure #2:</u> Number of licenses awarded within 18 months.

	<p>A3: Actively market and evaluate Alaska's oil and gas potential.</p> <p><u>Target #1:</u> Two new companies actively exploring in Alaska per fiscal year. <u>Measure #1:</u> Number of new oil and gas companies actively exploring or developing in Alaska.</p> <p>A4: Evaluate new areas for oil and gas exploration and development prior to a final best interest finding.</p> <p><u>Target #1:</u> Evaluate 100 percent of proposed sale/exploration license areas. <u>Measure #1:</u> Percent of potential lease sale/exploration licenses evaluated.</p> <p>A5: Efficiently adjudicate exploration permits.</p> <p><u>Target #1:</u> 100 percent of exploration permits issued within the timelines set by the Alaska Coastal Management Program during fiscal year. <u>Measure #1:</u> Percent of exploration permits issued within the timeline.</p>
End Results	Strategies to Achieve Results
<p>B: Maximize benefits of development and production to the state.</p> <p><u>Target #1:</u> Five percent maximum decrease in statewide oil and gas production from previous fiscal year. <u>Measure #1:</u> Percentage change in rate of production.</p>	<p>B1: Efficiently adjudicate development permits.</p> <p><u>Target #1:</u> 100 percent of development permits issued within the timelines set by the Alaska Coastal Management Program during fiscal year. <u>Measure #1:</u> Percent of development permits issued within the timeline.</p> <p>B2: Promptly adjudicate completed lease assignments.</p> <p><u>Target #1:</u> 100 percent of lease assignments adjudicated within 15 working days. <u>Measure #1:</u> Percentage of lease assignments adjudicated within 15 working days.</p> <p>B3: Keep up with the increasing numbers of unit-related decisions (plans of exploration/development/PAs).</p> <p><u>Target #1:</u> 90 percent of unit/participating area decisions issued within 90 days. <u>Measure #1:</u> Percentage of unit/participating area decisions negotiated and issued within 90 days.</p> <p>B4: Negotiate new unit agreements that accelerate exploration and development and maximize the economic benefit to the state.</p> <p><u>Target #1:</u> Negotiate two new unit agreements per fiscal year. <u>Measure #1:</u> Number of new unit agreements.</p>

	B5: Perform inspections of oil and gas operations. <u>Target #1:</u> 100 percent of seismic, exploratory, and production operations inspected each year. <u>Measure #1:</u> Percent of seismic, exploratory, production operations inspected each year.
End Results	Strategies to Achieve Results
C: Maximize non-tax revenue from state oil and gas production. <u>Target #1:</u> \$ 1.6 billion <u>Measure #1:</u> Amount of non-tax revenue received for total state production of oil and gas.	C1: Ensure that the state receives the best negotiated value in the sale of its royalty-in-kind (RIK) oil and gas. <u>Target #1:</u> Receive \$.30 per barrel more from RIK as opposed to royalty-in-value (RIV). <u>Measure #1:</u> Difference between RIK and RIV. C2: Conduct timely audits. <u>Target #1:</u> Complete four royalty audits each fiscal year. <u>Measure #1:</u> Number of royalty audits completed during FY. C3: Ensure that the state receives full value for oil and gas royalty-in-value (reopeners). <u>Target #1:</u> 100 percent of reopeners increase value. <u>Measure #1:</u> Percent of reopeners that increase value.

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> Public outreach - MatSu, North Slope, Alaska Peninsula, Healy, and Nenana; conventions, conferences, symposiums Oil and gas advocacy-independents, new entrants and new areas in the state Evaluate frontier and producing basins; pursue gas hydrates, shallow biogenic gas, and tight gas sands Ensure full value for the state's oil and gas resources Evaluate requests for royalty-in-kind sales Timely and accurate oil and gas royalty accounting Timely perform royalty and net profit share lease audits Timely processing of lease assignments | <ul style="list-style-type: none"> Evaluate requests for unitization of oil and gas leases Active inspection and permit compliance work Timely permitting Respond to requests for exploration licensing - Healy areas Hold regular competitive, areawide lease sales Encourage leasing of federal onshore and offshore lands in manner most beneficial to the state Processing royalty relief applications |
|---|---|

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$13,665,900

Personnel:

Full time	93
Part time	0
Total	93

Performance Measure Detail

A: Result - Encourage Exploration and Development.

Target #1: Maintain 3,600,000 acres or more under lease during fiscal year.

Measure #1: Amount of state acreage under lease.

Acres under lease

Year	YTD Total
2003	4.6 million
2004	4.6 million
2005	4.0 million
2006	3.9 million

Analysis of results and challenges: FY06: Leased acreage expiring or relinquished is being reacquired or replaced with other acreage. In the five lease sales held this year: 360 tracts sold; 402 total bids; 41 different bidders; and \$38.7 million in high bids. Without continued budget resources acreage under lease will drop.

In 2004, the Legislature eliminated the Shallow Natural Gas Program. During FY05, many of the existing shallow natural gas leases were relinquished resulting in less acreage under lease than anticipated. In addition, a number of conventional leases were relinquished as a result of recent company mergers. These relinquishments were unanticipated and beyond the control of DNR; however, relinquished acreage will be reoffered for lease.

Target #2: Maintain 1,500,000 acres or more under exploration license during fiscal year.

Measure #2: Amount of state acreage under license.

Acres under license

Year	YTD Total
2003	1.6 million
2004	1.6 million
2005	1.7 million
2006	1.3 million

Analysis of results and challenges: FY06: Consideration of a 208,000 acre exploration license in the Healy Basin has been delayed at the request of the applicant. Also, there was a decrease in acreage due to expiration of the Copper River Basin license. Ten percent of the Copper River Basin license is being converted to conventional oil and gas leases. DO&G received no new license proposals in FY05 or FY06. DNR rejected the Holitna license converted under AS 38.05.177 in FY05. These lower potential, higher risk areas require more outreach, promotion and availability of public data.

In FY05, DO&G completed the title work, best interest finding and public process for the Bristol Bay Exploration License. The license was awarded to the applicant, however, the applicant failed to execute the license. Applicants have chosen not to execute two of the last four exploration licenses awarded by DO&G, a circumstance beyond DNR's control, resulting in lower licensed acreage than anticipated.

Target #3: Ten new exploration wells in fiscal year.

Measure #3: Number of new exploration wells drilled per year.

Analysis of results and challenges: FY06: Twenty-three exploration wells were permitted during the period; eight were drilled. The decision whether to drill the wells is beyond the control of the division. The permits were issued in a timely matter. Promoting the improved project economics under the Petroleum Profits Tax and other incentive programs should result in increased activity.

FY05: Fifteen wells drilled.

Eight were completed in northern Alaska during FY05: five on state Beaufort Sea tidewater leases (one a possible oil discovery, no information yet on the others); one on a state North Slope onshore lease; and two on

federal NPR-A leases. At least seven were completed in the Cook Inlet Basin (all onshore): four on state leases; one on a MHT lease; and two on CIRI leases. Five of the Cook Inlet wells are classified as gas discoveries.

A1: Strategy - Hold regularly scheduled lease sales.

Target #1: Five sales held on schedule in accordance with the Five-Year Program.

Measure #1: Number of sales held on schedule.

Analysis of results and challenges: 100 percent in compliance.

A2: Strategy - Promptly issue leases and licenses without compromising legal integrity of the lease or license.

Target #1: Leases awarded within nine months of lease sale.

Measure #1: Average time to award a lease.

Analysis of results and challenges: FY06: North Slope Foothills – awarded in nine months, Cook Inlet awarded in 16 months, North Slope awarded in 12 months, Beaufort Sea awarded in 10 months, Alaska Peninsula awarded in 12 months.

The primary driver on the length of time to issue the leases is the time it takes to acquire the title reports and a review by surveys of the lease tracts. The length of time has increased partly due to the increased number of tracts receiving bids. In addition, the title shop within the DML&W has been struggling with recruiting and retaining qualified staff to complete the work in a timely manner. Without a stable, fully trained work force in the title and surveying sections, oil and gas leases will continue to be awarded later than desired.

FY05: North Slope Foothills sale – six weeks to award. Cook Inlet sale – 10 months to award. Beaufort Sea sale – six months to award. North Slope sale – eight months to award.

Target #2: Licenses awarded within 18 months.

Measure #2: Number of licenses awarded within 18 months.

Analysis of results and challenges: FY06: One license in process and one denied; both are beyond the target timelines; one was problematic due to significant local opposition and minimal overall value to the state, award of the second has been delayed at the applicant's request.

FY 05: Awarded Bristol Bay Exploration License 14 months after receiving application.

A3: Strategy - Actively market and evaluate Alaska's oil and gas potential.

Target #1: Two new companies actively exploring in Alaska per fiscal year.

Measure #1: Number of new oil and gas companies actively exploring or developing in Alaska.

Analysis of results and challenges: FY06: Four companies have entered or re-entered the Alaska market. Shell has re-entered Alaska in a big way, buying leases in the Alaska Peninsula sale and the MMS Beaufort Sea Sale. ENI is now involved in Alaska. Benchmark purchased numerous leases in the Cook Inlet Sale area and is pursuing exploration plans. Duke Energy and several individuals also purchased leases in Cook Inlet. Swift Energy and Centurion Gold have partnered with existing lease holders. With continued budget we will be able to evaluate oil and gas potential along gasline corridor and perform follow-up lease sale planning and avoid delays in releasing public oil and gas information. We will also pursue facility sharing agreements and continue outreach to companies not currently active in Alaska.

FY05: Three new companies are involved in Alaska.

Alaska Energy Alliance, Rutter & Wilbanks Corp, and Storm Cat Energy Corp acquired leases in the recent Cook Inlet lease sale.

FY04: Four new companies are involved in Alaska.

Kerr-McGee has partnered with Armstrong Alaska Inc. in Beaufort Sea exploration, and Pioneer Natural Resources Alaska Inc. acquired leases in the Beaufort Sea, North Slope, and Mat-Su areas. Fortuna acquired leases in the Beaufort Sea, and Pioneer Oil and Gas acquired leases in Cook Inlet.

A4: Strategy - Evaluate new areas for oil and gas exploration and development prior to a final best interest finding.

Target #1: Evaluate 100 percent of proposed sale/exploration license areas.

Measure #1: Percent of potential lease sale/exploration licenses evaluated.

Analysis of results and challenges: FY06: Significant subsurface geological information pertaining to evaluation of the Alaska Peninsula lease sale has been released. Other lease sale areas are under continual review. Additional resources will be necessary to evaluate unexplored areas nominated for exploration licensing since such areas are outside of areawide lease sale areas that are subject to ongoing assessment by division staff.

FY05: Evaluated hydrocarbon potential on unleased tracts prior to all scheduled lease sales. Initial Alaska Peninsula geological field program completed.

FY04: Evaluated hydrocarbon potential on unleased tracts prior to all scheduled lease sales.

A5: Strategy - Efficiently adjudicate exploration permits.

Target #1: 100 percent of exploration permits issued within the timelines set by the Alaska Coastal Management Program during fiscal year.

Measure #1: Percent of exploration permits issued within the timeline.

Percent of exploration permits issued on time

Year	YTD Total
2003	90 %
2004	90 %
2005	100 %
2006	95 %

Analysis of results and challenges: FY06: 95 percent issued on time. All deadlines for ACMP review have been met; issuance of permits has lagged ACMP approval due to workload and staffing issues. Ability to timely adjudicate the anticipated expansion of the permitting workload, including Alaska Peninsula permits, gas line permitting, gas hydrates, and gas-only exploration licenses and leases will also be addressed by increased, permanent resource allocation.

FY05: 100 percent issued on time.

With increased resources to fund a Natural Resource Specialist IV and a Natural Resource Specialist III the division's ability to adjudicate new and increasing statewide gas-related exploration activities, including Alaska Peninsula permits, gasline permitting, gas hydrates and gas-only exploration licenses and leases has been increased.

FY04: 90 percent issued on time.

B: Result - Maximize benefits of development and production to the state.

Target #1: Five percent maximum decrease in statewide oil and gas production from previous fiscal year.

Measure #1: Percentage change in rate of production.

Percentage Change in Production

Fiscal Year	Oil %	Gas %
FY 2003	-2.0%	-2.4%
FY 2004	-1.7%	0.8%
FY 2005	-7.8%	1.9%
FY 2006	-6.2%	-1.0%

Analysis of results and challenges: FY06: This year's drop was due to unanticipated maintenance in the Prudhoe Bay Unit for August and September 2005 and major disruptions involving North Slope gathering pipelines starting in March 2006. Gas production showed a slight decrease (1.0 percent) for the same period. New satellite pool development in existing units, new field development underway and planned, and continued viscous oil development will reduce but not eliminate the production decline. The Lease Monitoring and Engineering Integrity initiative requires new budget support to implement. Without continued budget support production will decline even faster.

B1: Strategy - Efficiently adjudicate development permits.

Target #1: 100 percent of development permits issued within the timelines set by the Alaska Coastal Management Program during fiscal year.

Measure #1: Percent of development permits issued within the timeline.

Percent of permits issued on time

Year	YTD Total
2003	0
2004	0
2005	100%
2006	100%

Analysis of results and challenges: FY06: 100 percent issued on time.

Current resources are maximized with current workload. With additional resources to fund a NRS IV and a NRS III the division has been more equipped to keep up with the fast paced schedule of gas-related development activities, including gas line permitting, gas hydrates and gas-only exploration licenses.

FY05: 100 percent issued on time.

The division is actively participating in the permitting for the Oooguruk and Nikaitchuq North Slope offshore development proposals and Ninilchik and Kasilof onshore gas developments in Cook Inlet. Offshore development projects continue to be a permitting challenge due to increased environmental and oil spill response issues.

B2: Strategy - Promptly adjudicate completed lease assignments.

Target #1: 100 percent of lease assignments adjudicated within 15 working days.

Measure #1: Percentage of lease assignments adjudicated within 15 working days.

Percent of lease assignments within 15 days

Year	Aver # days	YTD Total
2004	15.5	54.9%
2005	28.6	22.1%
2006	14.0	100%

Analysis of results and challenges: FY06: 100 percent issued within 15 days; overall average time to issue is

14 days. More than 1,000 lease assignments adjudicated.

FY05: 22.1 percent issued within 15 days; overall average time to issue is 28.6 days FY05 performance was impacted by the gas line negotiations. Internal alignments were made to meet the target in the first quarter of FY06.

B3: Strategy - Keep up with the increasing numbers of unit-related decisions (plans of exploration/development/PAs).

Target #1: 90 percent of unit/participating area decisions issued within 90 days.

Measure #1: Percentage of unit/participating area decisions negotiated and issued within 90 days.

% of unit decisions within 90 days

Year	YTD Total
2004	100%
2005	100%
2006	100%
2007	100% 1 qtr FY07

Analysis of results and challenges: 100 percent compliance in first quarter FY07.

100 percent compliance in FY06.

Oil and gas units and participating areas (PAs) are the operating and commercial framework for most oil and gas production in Alaska. The division's continued ability to manage the state's units is critical to the state's economic future. These complex negotiated unit and PA agreements provide the framework for maximizing production with minimum environmental impact while protecting the rights of all parties.

Two unit managers left the state service or retired in FY07. One has been hired as of October 2006, but the second is still under recruitment.

100 percent compliance in FY05.

100 percent compliance in FY04.

B4: Strategy - Negotiate new unit agreements that accelerate exploration and development and maximize the economic benefit to the state.

Target #1: Negotiate two new unit agreements per fiscal year.

Measure #1: Number of new unit agreements.

Analysis of results and challenges: Six new units were negotiated and approved in FY06. Three new unit agreements are in negotiation in the first quarter of FY07. Last year, unitization activity surged onshore North Slope as independents rushed to explore for new oil and gas. Managing these and more units can be done if staff positions are filled soon and made permanent.

One new unit agreements in FY05.

Three new unit agreements in FY04.

B5: Strategy - Perform inspections of oil and gas operations.

Target #1: 100 percent of seismic, exploratory, and production operations inspected each year.

Measure #1: Percent of seismic, exploratory, production operations inspected each year.

Analysis of results and challenges: FY06: 90 percent. New staff hired in the third quarter has been quickly coming up to speed and assisting in the inspection program. The new positions are crucial in meeting this

established goal.

Ongoing exploration activities and incremental changes to existing development increase each year the total number of sites requiring on-site inspection for compliance with lease and permit conditions. Permanent addition of permitting staff has had significant positive impact on achieving goals, including additional of expected gas-related activities, including gas line permitting, Alaska Peninsula activities, gas hydrates, and gas-only exploration licenses.

85 percent complete in FY05. Operations not inspected by June 30, 2005, include those planned for summer construction or inspection, and seismic operations planned for next winter.

85 percent complete in FY04.

C: Result - Maximize non-tax revenue from state oil and gas production.

Target #1: \$ 1.6 billion

Measure #1: Amount of non-tax revenue received for total state production of oil and gas.

Amount of non-tax revenues

Fiscal Year	YTD Total
FY 2004	\$1.42 billion
FY 2005	\$1.91 billion
FY 2006	\$2.39 billion

Analysis of results and challenges: FY06: this amount includes income from royalties, bonus bids, rental payments, and state share of federal oil and gas revenues (regular payments as well as money from reopeners and audits) from oil and gas throughout the state. Without continued budget support audit activity will decrease, royalty settlement reopeners will be less effective and analysis of pipeline tariff rates and quality bank fees will be postponed.

The royalty, audit, and commercial sections continue to monitor royalty payments, royalty settlement agreements with lessees, and royalty-in-kind contracts, and take advantage of every opportunity to assure that the state is getting full value for its royalty and gas.

The FY04 ANS spot price averaged \$32.36 a barrel and TAPS volume was 0.973 million barrels per day of oil. The FY05 ANS spot price averaged \$44.83 a barrel and TAPS volume was 0.909 million barrels per day of oil. For FY06 ANS spot price averaged \$62.08 a barrel and TAPS volume was 0.837 million barrels per day of oil.

C1: Strategy - Ensure that the state receives the best negotiated value in the sale of its royalty-in-kind (RIK) oil and gas.

Target #1: Receive \$.30 per barrel more from RIK as opposed to royalty-in-value (RIV).

Measure #1: Difference between RIK and RIV.

Analysis of results and challenges: In FY08, Quality Bank rulings from the Federal Energy Regulatory Commission will result in both prospective and retroactive adjustments to the RIK contract price for RIK purchasers.

FY06: 100 percent compliance.

Without continued budget support there will be a delay in RIK analyses and billing.

100 percent compliance in FY06.

100 percent compliance in FY05.

100 percent compliance in FY04.

With the conclusion of the ExxonMobil royalty settlement agreement reopener, the commercial section will

assist the division in making a claim for retroactive adjustments in the price of royalty in-kind oil sold during the period January 2001 to March 2004.

C2: Strategy - Conduct timely audits.

Target #1: Complete four royalty audits each fiscal year.

Measure #1: Number of royalty audits completed during FY.

Analysis of results and challenges: Nine royalty audits are currently in progress.

Four audits were completed in FY06.

The Audit Section is responsible for auditing, analyzing, or verifying virtually all of the oil and gas royalties collected by the State of Alaska, which at \$2.4 billion in FY06 are the state's largest single component of revenue (excluding federal and investment revenues). The section's auditors are responsible for verifying oil and gas royalties either directly through audits or through review and negotiations during periodic amendments to royalty settlement agreements (called reopeners in the case of agreements with the three major oil producers on the North Slope). Without continued budget support audits will be delayed.

Eight royalty audits completed in FY05.

Four royalty audits completed in FY04.

C3: Strategy - Ensure that the state receives full value for oil and gas royalty-in-value (reopeners).

Target #1: 100 percent of reopeners increase value.

Measure #1: Percent of reopeners that increase value.

Analysis of results and challenges: First quarter FY07: The state successfully negotiated a settlement of the ExxonMobil reopener in September 2006. ExxonMobil has committed to refile royalty payments for the period from January 2001 to the present. An additional \$21 million to be paid to the state by March 15, 2007.

Component: Pipeline Coordinator

Contribution to Department's Mission

To encourage and facilitate the development and sound operation of pipelines on State land.

Core Services

Core Services:

- Process right-of-way applications under the Alaska Lands Act and the Right-of-Way Leasing Act and negotiate and deliver pipeline and other right-of-way leases in a manner that serves the State's interests
- Administer leases under SPCO jurisdiction including revenue, permit coordination, authorizations, and lease compliance oversight of the construction, operation, maintenance and termination of pipelines on State land.
- Coordinate SPCO Trans-Alaska Pipeline System (TAPS) Lease oversight with the U.S. Bureau of Land Management to ensure that TAPS remains available for delivery of North Slope crude oil to market.
- Keep the public informed of SPCO activities.

Currently, the SPCO is responsible for oversight of 17 active pipeline leases and grants issued under AS 38.05 and 38.35. The budget is primarily funded by the sponsors through statutory designated program receipts from the following projects:

Trans Alaska Pipeline System (Alyeska Pipeline Services Company), Trans Alaska Gas System (Yukon Pacific Corp.), Alpine, Kuparuk, Kuparuk Extension and Oliktok Pipelines (Conoco Phillips Petroleum), Northstar, Milne NGL, Milne Point, Endicott and Badami Pipelines (BP Exploration/Transportation), Kenai Kachemak Gas Pipeline (NORSTAR Pipeline Company), and Nikiski Pipeline (Tesoro).

In addition to administration of active leases, the SPCO is working with several applicants on projects that are in the pre-application or application stage.

The SPCO shares resources with the federal government for oversight activities associated with the TAPS. The co-located state and federal agencies are collectively known as the Joint Pipeline Office (JPO). **Participating state agencies include:** The State Departments of Natural Resources (with representatives from the Office of Project Management and Permitting [OPMP] and the Office of Habitat Management and Permitting [OHMP]), Department of Environmental Conservation, Department of Labor, and the Department of Public Safety. Participating federal agencies include BLM, EPA, USDOT, Minerals Management Service, and the Coast Guard. The SPCO administers the TAPS state lease, 16 constructed pipelines, 2 conditional leases, and several pending lease applications while the JPO efforts are focused primarily on TAPS.

End Results	Strategies to Achieve Results
<p>A: Assure pipelines administered by the State Pipeline Coordinator's Office are designed, constructed, operated and maintained in a safe and environmentally-sound manner consistent with lease requirements and applicable laws.</p> <p><u>Target #1:</u> Ensure the safe and environmentally sound operation of common carrier pipelines by providing the necessary resources for state regulatory and lease oversight of common carrier pipelines</p> <p><u>Measure #1:</u> Pursuant to AS 38.35.140 and 145, negotiate</p>	<p>A1: Coordinate multi-agency processing of lease and permit application/authorization requests within timelines negotiated with lessee/applicant and/or as legally or contractually required.</p> <p><u>Target #1:</u> 100% of applications and requests are processed within timelines negotiated with the applicant/lessee or as legally or contractually required.</p> <p><u>Measure #1:</u> Percentage of applications and requests processed through the SPCO within timelines negotiated with the applicant/lessee or as legally or contractually</p>

and enter into written reimbursement agreements with 100% of active common carrier pipeline operators.

required.

A2: Coordinate multi-agency oversight of pipeline operations to ensure compliance with lease requirements and applicable laws.

Target #1: TAPS - Perform, document and approve operational and project activities to ensure compliance with lease requirements and applicable laws through surveillances, technical reviews/reports, assessments and notices-to-proceed.

Measure #1: TAPS - Number of surveillances, technical reviews/reports, assessments and notices-to-proceed.

Target #2: Non-TAPS – perform, document and approve operational and project activities to ensure compliance with lease requirements and applicable laws through surveillances, technical reviews/reports and assessments.

Measure #2: Non-TAPS - Number of surveillances and assessments.

Target #3: Office of Habitat Management & Permitting Liaison conducts pipeline oversight to assure resource development activities meet agency requirements for protecting fish, wildlife and their habitats.

Measure #3: Number of reviews, permits issued, and lease and permit compliance activities performed by OHMP Liaison.

Target #4: Dept. of Labor Liaisons provide oversight of pipeline activities to ensure compliance with lease requirements and applicable laws related to labor, safety, and electrical code.

Measure #4: Number of safety and electrical related surveillances, technical reports, assessments, and JPO staff consultations conducted by Dept. of Labor Liaisons.

Target #5: DEC Liaison/Staff provide environmental oversight of pipeline activities.

Measure #5: Number of environmental surveillances, assessments, inspections and oil spill contingency drills/exercises.

Target #6: DPS Fire Marshal Liaison provides fire safety and fire code compliance oversight of pipeline activities.

Measure #6: Fire and Life Safety Plan Reviews and Inspections conducted by DPS Fire Marshal Liaison.

Target #7: Alaska Coastal Zone Management Program Liaison conducts pipeline oversight activities related to responsible development of coastal uses and resources within Alaska's coastal area and the Outer Continental Shelf.

Measure #7: Percentage of projects reviewed and found to be Consistent vs. Inconsistent with Alaska Coastal Zone requirements.

Major Activities to Advance Strategies

- Process applications, and negotiate and deliver Right-of-Way leases.
- Expedite permits and authorizations.
- Coordinate concurrent regulatory process of all JPO participating agencies.
- Maintain public records.
- Administer leases under state jurisdiction.
- Conduct oversight consistent with applicable statutes, regulations and lease requirements.
- Negotiate agreements with lessees and state agencies.
- Keep public informed.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,589,900

Personnel:

Full time	24
Part time	0
Total	24

Performance Measure Detail

A: Result - Assure pipelines administered by the State Pipeline Coordinator's Office are designed, constructed, operated and maintained in a safe and environmentally-sound manner consistent with lease requirements and applicable laws.

Target #1: Ensure the safe and environmentally sound operation of common carrier pipelines by providing the necessary resources for state regulatory and lease oversight of common carrier pipelines

Measure #1: Pursuant to AS 38.35.140 and 145, negotiate and enter into written reimbursement agreements with 100% of active common carrier pipeline operators.

Percent of Active Common Carrier Pipelines that have written reimbursement agreement with SPCO pursuant to AS 38.35.140 and 145

Fiscal Year	YTD Total
FY 2005	100%
FY 2006	100%
FY 2007	100%

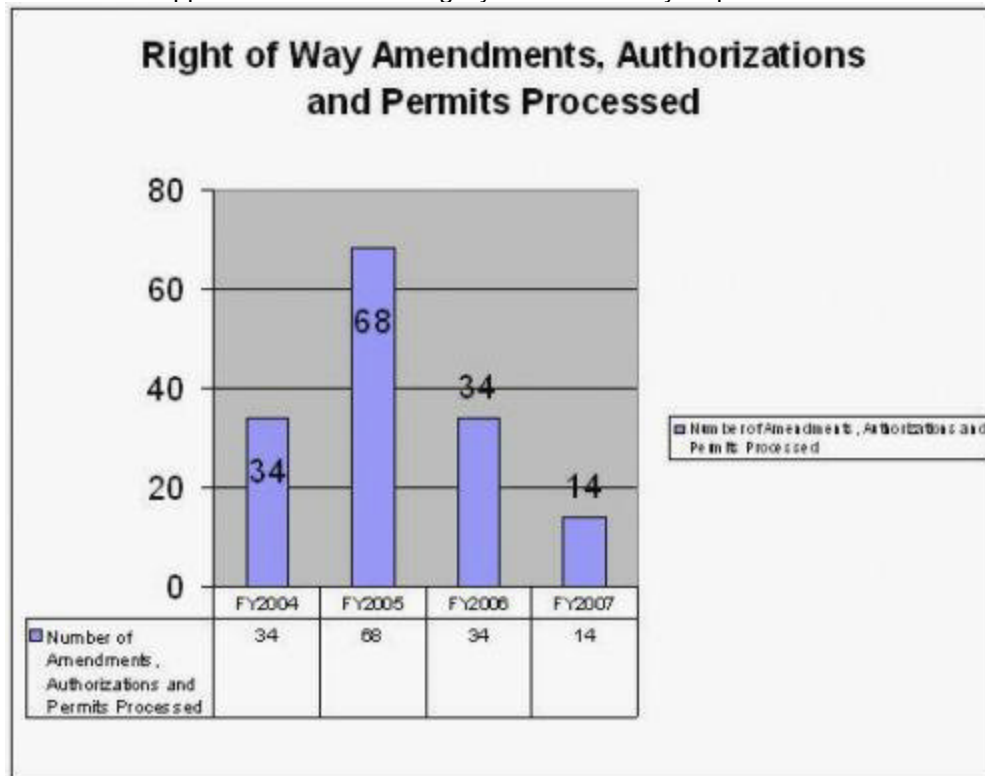
FY07 Data is as of 9/30/2006.

Analysis of results and challenges: Multiple agencies are involved in permit processing and oversight of common carrier pipelines due to a wide range of applicable environmental and safety laws, regulations and requirements. The State Pipeline Coordinator's Office (SPCO) has traditionally focused only on TAPS and other large scale gas pipeline projects. However, in recent years, the SPCO has worked to develop agreements for 16 additional active common carrier pipeline operations. The target reflects the results of these efforts. The result is a more efficient permitting process for pipeline operators and a more efficient oversight process by the State. Challenges include possible expansion of the non-TAPS oversight program and negotiating the funding to support these efforts.

A1: Strategy - Coordinate multi-agency processing of lease and permit application/authorization requests within timelines negotiated with lessee/applicant and/or as legally or contractually required.

Target #1: 100% of applications and requests are processed within timelines negotiated with the applicant/lessee or as legally or contractually required.

Measure #1: Percentage of applications and requests processed through the SPCO within timelines negotiated with the applicant/lessee or as legally or contractually required.



Percentage of applications and requests processed through the SPCO within timelines negotiated with the applicant/lessee or as legally or contractually required.

Fiscal Year	YTD Total
FY 2005	100%
FY 2006	100%
FY 2007	100%

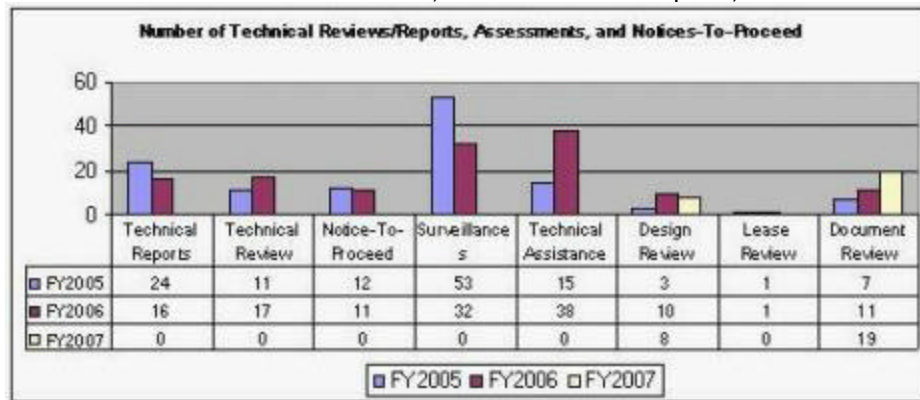
Analysis of results and challenges: FY07 data is as of 9/30/2006.

All permits and authorizations were processed within timelines negotiated or as legally or contractually required. This indicated good communication and coordination between applicants/lessees and the SPCO. The drop in overall numbers from FY05 to FY06 reflects a reduction in the number of authorization requests submitted to the SPCO, mainly related to TAPS. During FY05 numerous multi-year land contracts and land and water use authorizations expired so many new applications were submitted for processing that year.

A2: Strategy - Coordinate multi-agency oversight of pipeline operations to ensure compliance with lease requirements and applicable laws.

Target #1: TAPS - Perform, document and approve operational and project activities to ensure compliance with lease requirements and applicable laws through surveillances, technical reviews/reports, assessments and notices-to-proceed.

Measure #1: TAPS - Number of surveillances, technical reviews/reports, assessments and notices-to-proceed.



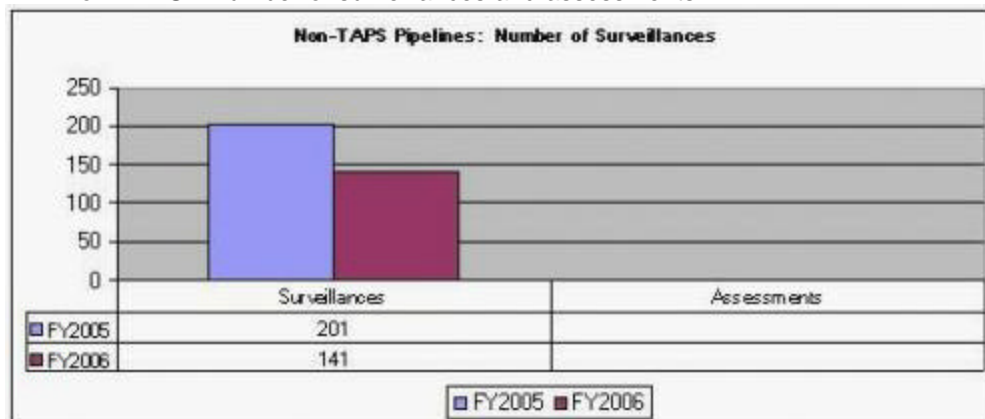
Analysis of results and challenges: FY07 data is as of 9/30/2006.

Data reported for this measure is specific to TransAlaska Pipeline System. Most of the technical reviews and reports pertained to the TAPS Strategic Reconfiguration project and to TAPS River and Floodplains maintenance projects. These projects are coordinated with the Bureau of Land Management (BLM) and other state and federal agencies. SPCO surveillance activities are focused on annual inspection of material sites along the TAPS corridor. Additional material site surveillances will be conducted during the first half of FY07. The BLM and other state and federal agencies also conduct various surveillances and assessments along TAPS, sometimes in coordination with the SPCO, that are reported through each individual agency's reporting process.

Data indicates the State's continued good multi-agency coordination and oversight of TAPS pipeline operations to ensure compliance with lease and applicable laws.

Target #2: Non-TAPS – perform, document and approve operational and project activities to ensure compliance with lease requirements and applicable laws through surveillances, technical reviews/reports and assessments.

Measure #2: Non-TAPS - Number of surveillances and assessments.



Analysis of results and challenges: FY06 Data is as of 6-30-2006.

Data reported for this measure is related to Non-TAPS pipelines.

These data are collected with a different tracking mechanism than that used for TAPS as the non-TAPS pipeline

leases do not generally involve federal oversight of state lease compliance activities. Data indicates a decline in the total number of surveillances conducted, (down from 201 surveillances conducted during FY05 to 141 surveillances during FY06). This was due to SPCO staffing changes during the latter part of FY05 and FY06 to recruit and train two new Natural Resource Specialists to replace former staff that left for other jobs. Additionally, surveillance procedures were modified to refine and improve how data is collected and reported by SPCO field staff. No assessments were completed during FY05 or FY06 because sufficient SPCO surveillance and other data is not yet available for adequate trend analysis and evaluation.

This is a new measure for FY06.

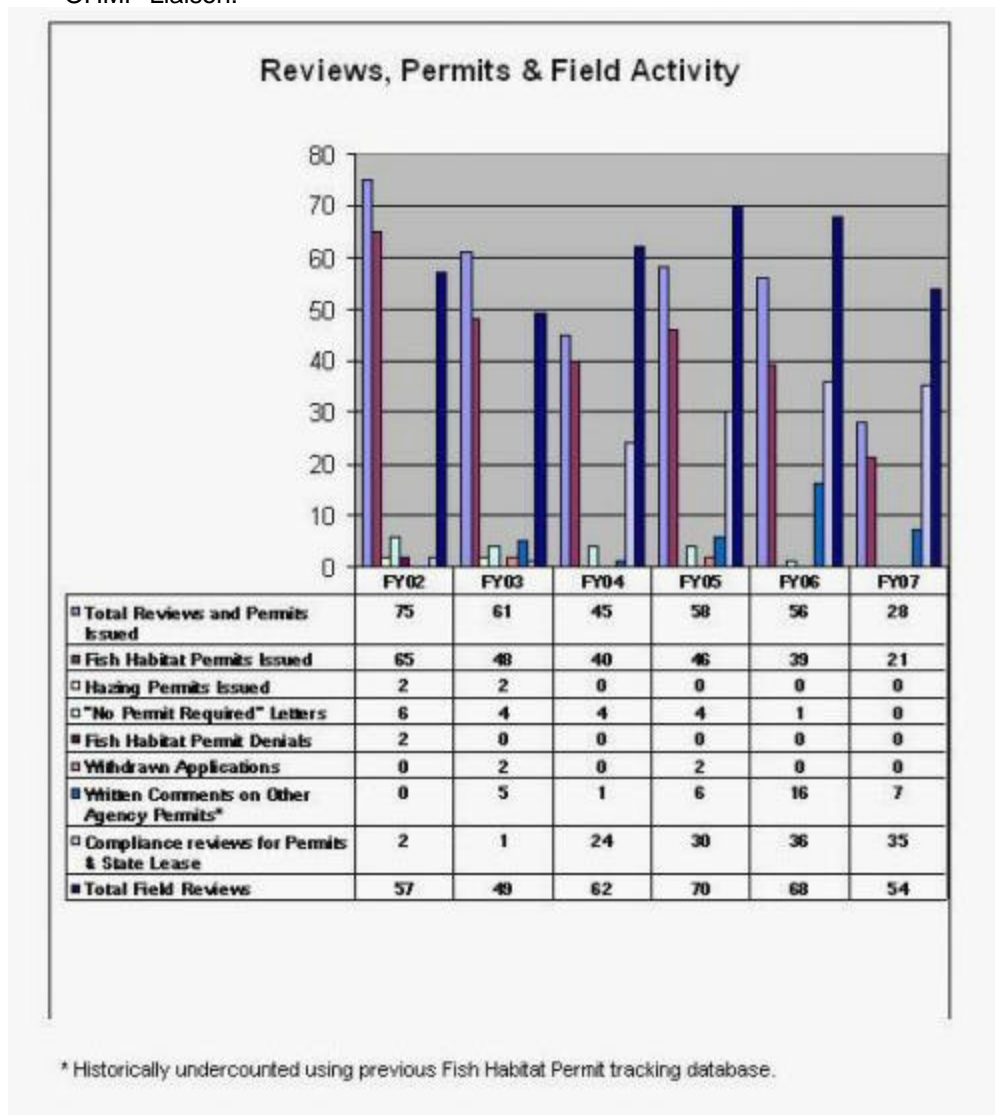
There are 16 active pipelines currently operating in Alaska, in addition to the Trans Alaska Pipeline System (TAPS). During FY05, 201 surveillances were conducted on Non-TAPS pipelines.

Beginning FY2006, the 16 non-TAPS active pipelines are subject to monitoring and oversight on a two-year cycle. In year one, the SPCO will perform and document lease compliance surveillances for eight pipelines. For the remaining eight pipelines, the SPCO will conduct an assessment of one of the lessee's core programs such as corrosion monitoring, maintenance, cathodic protection, etc. In year two, surveillances/assessments will be conducted for alternate eight pipelines. This two-year cycle will form the basis for the SPCO oversight program for these pipelines.

It should be noted that each assessment is based upon a significant number of surveillances.

Target #3: Office of Habitat Management & Permitting Liaison conducts pipeline oversight to assure resource development activities meet agency requirements for protecting fish, wildlife and their habitats.

Measure #3: Number of reviews, permits issued, and lease and permit compliance activities performed by OHMP Liaison.



Percentage of permitted activities in compliance with the permit/authorization.

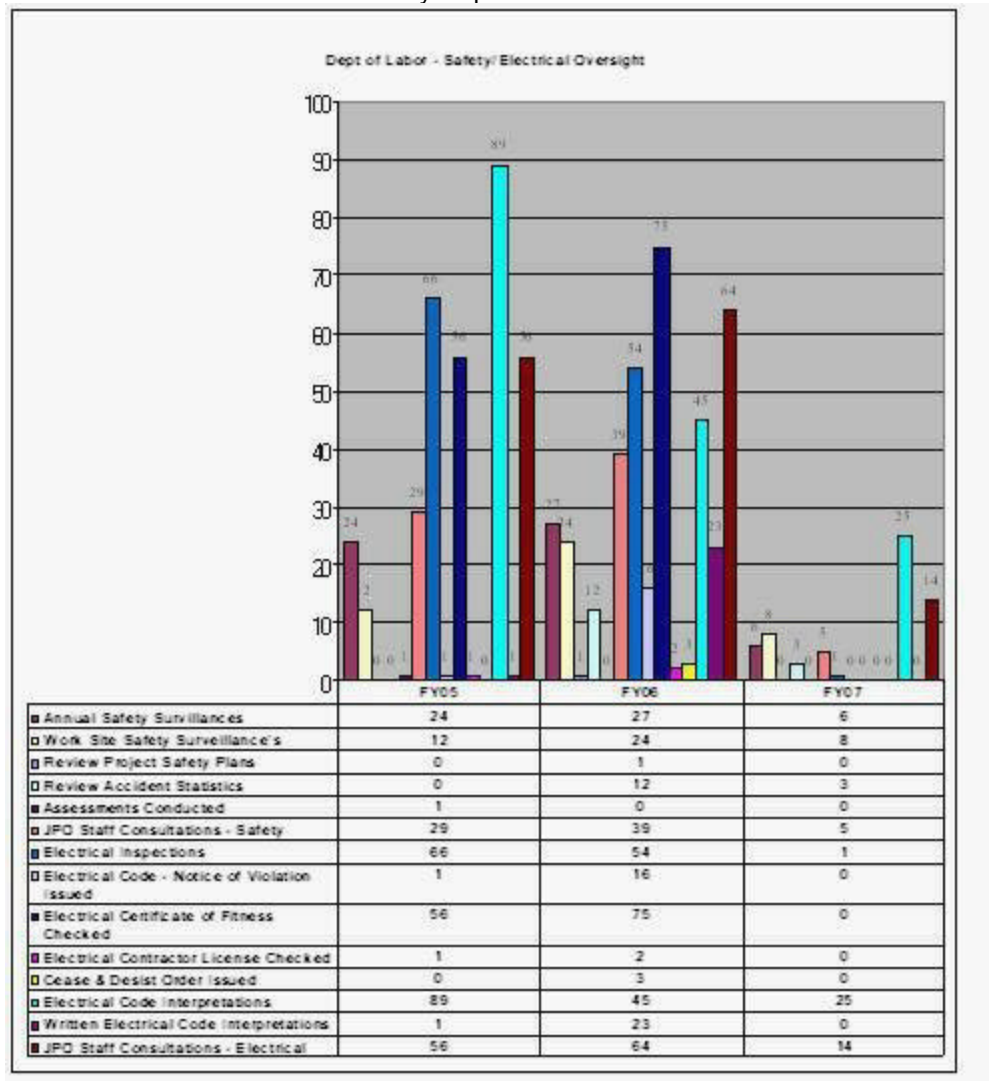
Fiscal Year	YTD Total
FY 2005	100%
FY 2006	100%
FY 2007	100%

FY07 data is as of 9/30/2006.

Analysis of results and challenges: The Office of Habitat Management and Permitting Liaison issues permits/authorizations and works to protect Alaska's valuable fish and wildlife resources and their habitats during resource development activities. Surveillances are conducted to ensure compliance with those permits/authorizations. Data indicates good oversight to ensure protection of Alaska's fish and wildlife, from TAPS development and operations.

Target #4: Dept. of Labor Liaisons provide oversight of pipeline activities to ensure compliance with lease requirements and applicable laws related to labor, safety, and electrical code.

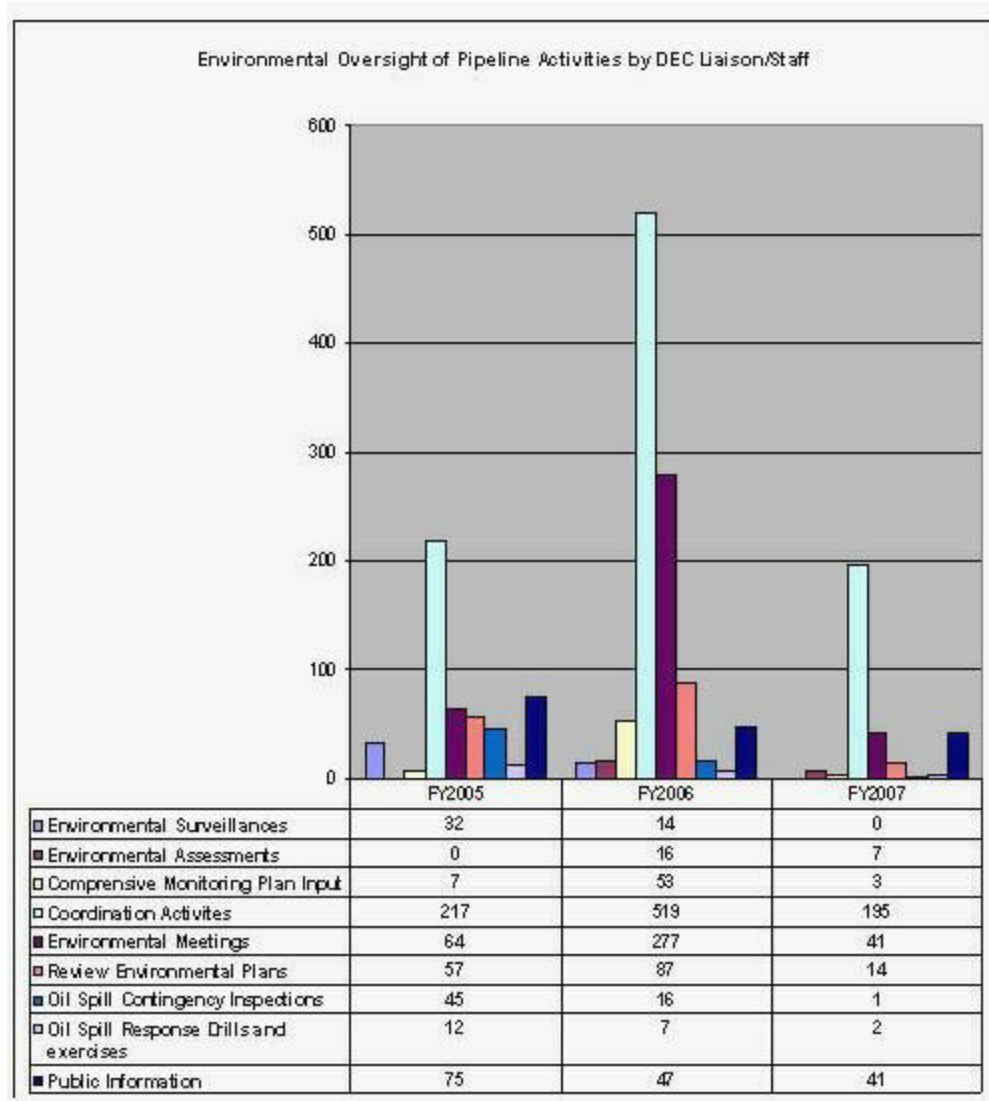
Measure #4: Number of safety and electrical related surveillances, technical reports, assessments, and JPO staff consultations conducted by Dept. of Labor Liaisons.



Analysis of results and challenges: Data is as of 9/30/06. FY06 and 1st Qtr. FY07 data demonstrates continued good oversight to ensure TAPS compliance with occupational health and safety laws, and electrical codes.

Target #5: DEC Liaison/Staff provide environmental oversight of pipeline activities.

Measure #5: Number of environmental surveillances, assessments, inspections and oil spill contingency drills/exercises.



Analysis of results and challenges: FY07 data is as of 9/30/2006. Data demonstrates continued good oversight to ensure TAPS compliance with ADEC requirements.

Target #6: DPS Fire Marshal Liaison provides fire safety and fire code compliance oversight of pipeline activities.

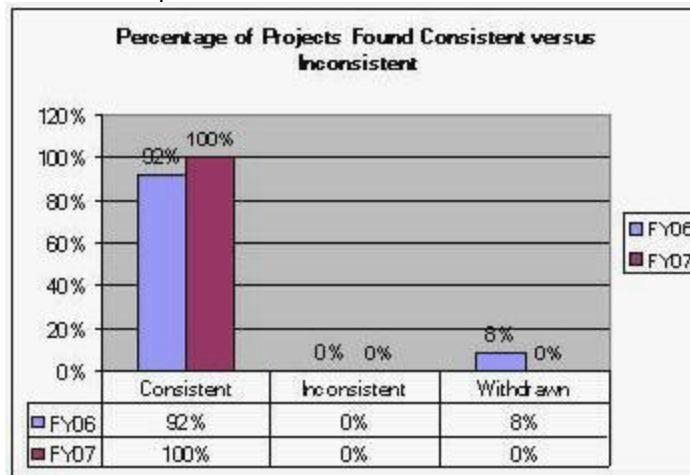
Measure #6: Fire and Life Safety Plan Reviews and Inspections conducted by DPS Fire Marshal Liaison.



Analysis of results and challenges: FY07 data is as of 9/30/2006. FY06 and 1st Qtr. FY07 data demonstrates continued good oversight to ensure TAPS compliance with Fire and Life Safety Codes. Inspections are typically accomplished during Spring and/or Summer months while plan reviews are on-going throughout the year.

Target #7: Alaska Coastal Zone Management Program Liaison conducts pipeline oversight activities related to responsible development of coastal uses and resources within Alaska's coastal area and the Outer Continental Shelf.

Measure #7: Percentage of projects reviewed and found to be Consistent vs. Inconsistent with Alaska Coastal Zone requirements.



Analysis of results and challenges: FY07 Data is as of 11/1/2006.

FY07 Data includes a total of six projects which have been submitted to the JPO requiring coastal consistency with the ACMP as follows:

- Five projects were submitted by Alyeska Pipeline Service Company. Three of these projects were deemed consistent without the need of an individual consistency review; two projects on the Sagavanirktok River required an individual consistency review and were found to be consistent with the ACMP.
- One federal action was submitted by the U.S. Bureau of Land Management (BLM) for an approval to Alyeska

concerning the Ballast Water Treatment Facility at the Valdez Marine Terminal. After consultation with the BLM, it was determined that the action did not require a federal consistency review under the ACMP.

FY06 data demonstrates good pipeline oversight to protect Alaska's Coastal Zone.

Consistency reviews conducted during FY06 included the following pipeline projects submitted to the SPCO that were located within the coastal zone:

- Five projects submitted by Alyeska Pipeline Service Company (an additional three were determined not to need a consistency review).
- One pipeline project by Marathon Oil Company.
- Alaska Natural Gas Development Authority's (ANGDA) Glenn Allen to Palmer Spur Line project.

The above data does not include proposed project submittals that are considered "No Reviews", which this program regularly coordinates. These "No Review" proposed project submittals also require a fair amount of time for each project.

Component: Alaska Coastal Management Program

Contribution to Department's Mission

Oversee responsible development of coastal uses and resources within the State's coastal area and the Outer Continental Shelf (OCS).

Core Services

Manage and administer the Alaska Coastal Management Program (ACMP).

Act as State's liaison to federal agencies (1) conducting/permitting activities within the State's coastal area and the Outer Continental Shelf; (2) involving federal laws/initiatives that effect development of the coastal uses or resources of the State.

Manage and administer the Coastal Impact Assistance Program (CIAP).

End Results	Strategies to Achieve Results
<p>A: Promote responsible resource development.</p> <p><u>Target #1:</u> Review all resource development projects received for compliance with ACMP requirements.</p> <p><u>Measure #1:</u> Percentage of projects that comply.</p>	<p>A1: Effective delivery of project management and review services.</p> <p><u>Target #1:</u> Approve 28 coastal district plan revisions by March 1, 2007. SB 102 extended the approval date for coastal district plan revisions to March 1, 2007.</p> <p><u>Measure #1:</u> Number of approved coastal district plan revisions by March 1, 2007.</p> <p><u>Target #2:</u> Achieve 95% project compliance as measured by the percentage of total projects reviewed and found consistent.</p> <p><u>Measure #2:</u> Percentage of projects found consistent compared to projects found inconsistent. Consistent projects include consistent as proposed, consistent with conditions, those determined to have no coastal effects and projects receiving expedited approvals.</p> <p>A2: Efficient delivery of project management and review services.</p> <p><u>Target #1:</u> 50-day average consistency review timeframe for individual consistency reviews.</p> <p><u>Measure #1:</u> Average number of days to complete consistency review.</p> <p>A3: Ensure the State's coastal interests are reflected and protected.</p> <p><u>Target #1:</u> 100% of initiatives affecting the State's coastal zone, uses, and resources are tracked, reviewed, and commented on.</p> <p><u>Measure #1:</u> Percentage of initiatives tracked, reviewed and commented on.</p>

Major Activities to Advance Strategies

- Manage annual federal grant & state funds for implementation of the Alaska Coastal Management Program (ACMP)
- Manage one-time federal grant for the Coastal Impact Assistance Program (CIAP)
- Coordinate & conduct consistency review of federal agency activities & state/federal permitted activities in the coastal zone
- Assist local coastal districts in developing & implementing district plans to further manage local coastal uses & resources
- Provide support and/or educational materials to local, state, & federal agencies, industry & public to address issues affecting coastal management
- Review & respond to proposed initiatives (federal & other) that affect Alaska's coastal management & related jurisdictional issues

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,441,800

Personnel:

Full time 32

Part time 0

Total 32

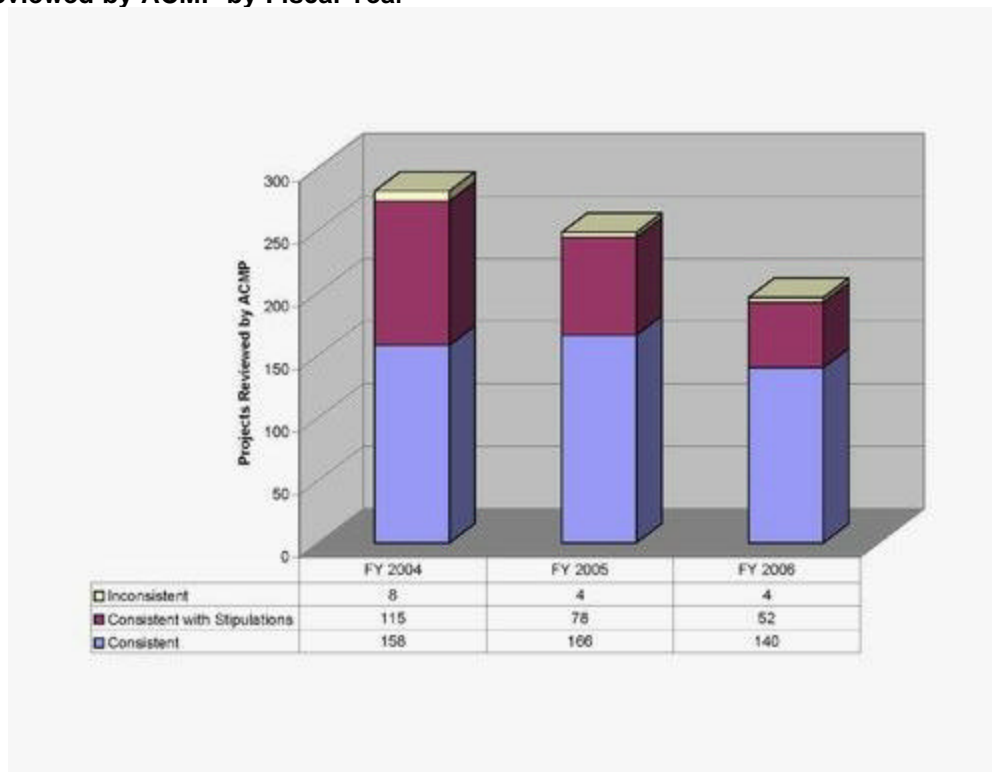
Performance Measure Detail

A: Result - Promote responsible resource development.

Target #1: Review all resource development projects received for compliance with ACMP requirements.

Measure #1: Percentage of projects that comply.

Projects Reviewed by ACMP by Fiscal Year



Analysis of results and challenges: 97% of all projects are compliant with the ACMP laws. The above percentage reflects projects that were compliant as proposed by the applicant, as well as projects that were modified by alternative measures that were needed to bring the projects into compliance. This percentage is an indication of our success in protecting coastal uses and resources while promoting resource development activities.

The graph also illustrates the number of individual project's OPMP reviews for consistency with the ACMP. As demonstrated, there is a steady decrease in individual consistency reviews conducted by OPMP. While it may indicate there is a decrease in resource development activities, it is more likely a result that OPMP is processing more projects in a streamlined fashion under the List of Expedited Consistency Review and State Authorizations Subject to the ACMP (ABC List). Streamlined consistency reviews and greater use of the ABC List allows OPMP staff to spend more time on the more complex and controversial projects. Trend-wise, this data indicates that OPMP continues to consistently achieve a high level of coastal use and resource protection, even during significant program change and a refocusing of the workload.

A1: Strategy - Effective delivery of project management and review services.

Target #1: Approve 28 coastal district plan revisions by March 1, 2007. SB 102 extended the approval date for coastal district plan revisions to March 1, 2007.

Measure #1: Number of approved coastal district plan revisions by March 1, 2007.

Analysis of results and challenges: To date, OPMP has completed the review and approval process for 14 of the 28 coastal districts. The remaining 14 coastal district plan revisions are in various stages of review and

approval by DNR, some of which remains out of OPMP's control (i.e., further coastal district plan revisions achieved and resubmitted by the coastal districts).

Target #2: Achieve 95% project compliance as measured by the percentage of total projects reviewed and found consistent.

Measure #2: Percentage of projects found consistent compared to projects found inconsistent. Consistent projects include consistent as proposed, consistent with conditions, those determined to have no coastal effects and projects receiving expedited approvals.

Percentage of Projects found Consistent versus Inconsistent (Thru 6/30/06)

Year	Consistent	Inconsistent	Withdrawn	YTD Total
2004	98%	0%	2%	100%
2005	99%	0.5%	0.5%	100%
2006	97%	1%	2%	100%

A2: Strategy - Efficient delivery of project management and review services.

Target #1: 50-day average consistency review timeframe for individual consistency reviews.

Measure #1: Average number of days to complete consistency review.

Average Length of Project Review in Calendar Days (Thru 6/30/06)

Year	Expected	Actual	YTD Total
2004	50 Days	59.4 Days	59.4 Days
2005	50 Days	49.1 Days	49.1 Days
2006	50 Days	49.5 Days	49.5 Days

Analysis of results and challenges: During the FY04 reporting period, the ACMP program experienced a 30-50% vacancy factor as a result of a number of program changes. The vacancies affected the ability of the remaining staff to complete some projects within the targeted timeframe.

During the FY05 and FY06 reporting period, vacancies and staff turn over due to the uncertain nature of the program approval process continued to be a factor in reviewing projects within the designated time period. In spite of continued program uncertainty, additional program changes, and a 37% vacancy factor, existing staff met and exceeded the targeted consistency review timeframe in FY05 and FY06.

A3: Strategy - Ensure the State's coastal interests are reflected and protected.

Target #1: 100% of initiatives affecting the State's coastal zone, uses, and resources are tracked, reviewed, and commented on.

Measure #1: Percentage of initiatives tracked, reviewed and commented on.

Analysis of results and challenges: OPMP continues to track 100% of the initiatives affecting the State's coastal zone, uses, and resources. OPMP accomplishes this target through working directly with the various federal agencies operating in Alaska (BLM, MMS, NOAA, USFS, USFWS, EPA, USACOE, FAA, etc.), tracking their initiatives to be implemented in Alaska, and commenting when appropriate.

One of the primary initiative facing Alaska's coastal zone uses and resources is the recent report, U.S. Commission on Ocean Policy final version "An Ocean Blueprint for the 21st Century." In response to the nationally proposed directives affecting Alaska, ACMP program managers are coordinating with other state agencies to develop alternate policy strategies.

Component: Large Project Permitting

Contribution to Department's Mission

This component protects and advances State and public interests concerning major private and federal developments and policy initiatives to enhance the State's economy, quality of life, and natural resource values.

Core Services

Coordinate State review and permitting for large complex resource development projects, which include hard rock mining projects, oil and gas projects, and transportation projects.

Coordinate State participation in federal land use planning efforts that lay the groundwork for successful resource development, wise stewardship of state resources, and continued opportunities for access, and public uses such as recreation, hunting and fishing. Coordinated multi-agency planning ensures that multiple departmental interests, authorities and jurisdictions are properly recognized in adopted federal land management strategies.

Coordinate State participation in ANILCA implementation issues to ensure the State of Alaska's multiple departmental interests, authorities, and jurisdictions are properly recognized in federal decision making. Participation ensures that the 100 million acres of federal conservation system units are managed consistent with Congressional intent to protect tourism and resource development opportunities and maintain opportunities for traditional activities and access.

Manage a collaborative approach between state, federal and local resource agencies and land managers to address North Slope resource information needs through the North Slope Science Initiative.

End Results	Strategies to Achieve Results
<p>A: Facilitate responsible resource development through project management, review, stewardship, and permitting services.</p> <p><u>Target #1:</u> 100% of large resource development projects are reviewed, expedited, coordinated, and shepherded through the state permitting system by knowledgeable and experienced project managers.</p> <p><u>Measure #1:</u> Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.</p>	<p>A1: Assign project managers to manage state agency and local government representatives in identifying permitting requirements, baseline information needs, establishing timelines, and minimizing duplication of process.</p> <p><u>Target #1:</u> Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.</p> <p><u>Measure #1:</u> Number of candidates and personnel identified and utilized for permit reviews.</p> <p>A2: Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.</p> <p><u>Target #1:</u> Negotiate and sign MOUs for all large resource development projects with applicable state and federal agencies.</p> <p><u>Measure #1:</u> MOUs signed that ensure the required personnel, resources, and process design are adequately funded to meet the review and permitting schedule.</p> <p>A3: Secure funding and support to continue participating in the review of trans-boundary projects located in Canada.</p>

	<p><u>Target #1:</u> Negotiate and sign RSAs with other state or federal agencies to secure funding to review and comment on trans-boundary projects.</p> <p><u>Measure #1:</u> RSAs signed that ensure the required personnel and resources are adequately funded to meet the review and commenting schedule set forth by the Canadian Federal Agencies and British Columbia.</p>
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Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Administrative functions to manage grants • Recruit and hire qualified OPMP staff • Facilitate improved day-to-day coordination and communication among state and federal resource agencies • Complete Memorandums of Understanding with federal and state agencies to develop specific review procedures • Assign Project Managers as resource development projects are proposed • Identify information required from resource developers to initiate the State permitting process • Establish permitting timelines for projects | <ul style="list-style-type: none"> • Coordinate state agency activities to expedite project review and permitting • Presentations at public and industry forums to improve understanding of resource projects • Work to integrate and simplify federal and state permitting processes • Eliminate duplication of information requirements and permit stipulations • Advocate for appropriate ANILCA implementation that protects state interests • Advocate for federal policies that accommodate access, tourism, and resource development and state management needs and responsibilities |
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FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$3,412,300

Personnel:

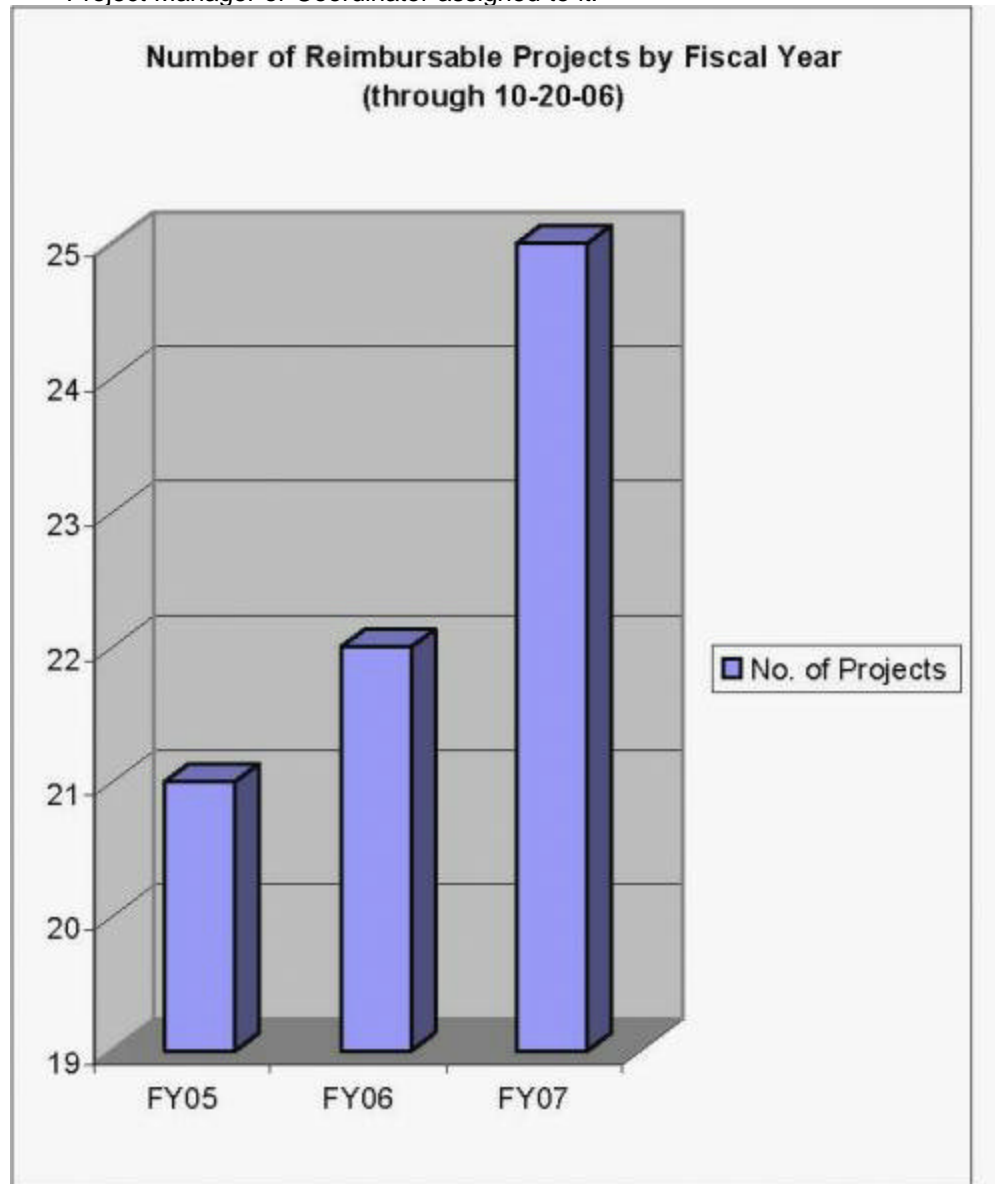
Full time	12
Part time	0
Total	12

Performance Measure Detail

A: Result - Facilitate responsible resource development through project management, review, stewardship, and permitting services.

Target #1: 100% of large resource development projects are reviewed, expedited, coordinated, and shepherded through the state permitting system by knowledgeable and experienced project managers.

Measure #1: Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.



Number of Project Managers/Coordinators by Fiscal Year

Fiscal Year	Project Managers
FY 2005	6
FY 2006	7
FY 2007	7

Analysis of results and challenges: Every large resource development project has a Project Manager or

Coordinator assigned to it. Although OPMP does not (and cannot) control the amount of resource development that is proposed in the State, it can respond to proposals and offer project management services to promote the responsible development of the State's resources. As can be seen by the graph, the number of large resource development projects that OPMP is coordinating is increasing. This is a reflection of the superior service that OPMP offers in project management, review, stewardship, and permitting services. Similarly significant and indicative of the success and value of the OPMP services is the amount of funding resource development applicants are providing to OPMP to manage their projects. This past fiscal year (FY06), OPMP secured \$1.6 million in funding to manage projects. For this fiscal year (FY07), OPMP has already secured \$1.8 million in funding to manage projects. Trend-wise, these data indicate that OPMP continues to consistently achieve a high level of project management services, and is embraced by the industry and state agencies as promoting responsible resource development through superior project management.

Such project management success can be seen in the recent final permitting for the Pogo Mine, the Kensington Mine, and the Rock Creek Mine.

A1: Strategy - Assign project managers to manage state agency and local government representatives in identifying permitting requirements, baseline information needs, establishing timelines, and minimizing duplication of process.

Target #1: Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.

Measure #1: Number of candidates and personnel identified and utilized for permit reviews.

Analysis of results and challenges: Listed below are the projects that large project team members are assigned, involved with, and/or that include a permitting aspect that OPMP coordinates:

Large Mine Projects: Donlin Creek with Placer Dome US; Red Dog Mine with Teck Cominco AK, Inc.; Greens Creek Mine with Kennicott Greens Creek Mining Co.; Pogo Mine with Teck-Pogo, Inc.; Ft. Knox and True North Mine, and Gil Project with Fairbanks Gold Mining, Inc.; Pebble Copper Gold with Northern Dynasty; Rock Creek Project with Alaska Gold Co.; Kensington Mine with Coeur Alaska; Chuitna Coal Project with PacRim Coal, LP; Niblack Project with Niblack Mining Corporation; Canadian Mine Project Reviews (Tulsequah Chief Mine, Galore Creek Mine, and Premier-Westin Mine cleanup Project) with Dept. of Fish and Game.

Large Projects and Planning: Resource Road Development Projects with Dept. of Transportation and Public Facilities; Alaska Railroad Northern Rail Extension Project; Knik Arm Crossing Project; Liberty Oil Field Development and Production Project; South NPR-A with Bureau of Land Management; King Cove Land Exchange Negotiations; Ring of Fire, East Alaska, Kobuk-Seward, Bay Area, and White Mountain Resource Management Plans/EIS with Bureau of Land Management.

ANILCA: ANILCA implementation by the National Park Service, US Fish and Wildlife Service, US Forest Service, and Bureau of Land Management. Includes efforts to influence a continuing stream of ANILCA plans, policies, and regulations.

North Slope Science Initiative: Coordination, leadership, and guidance for the development and implementation of activities identified by/through the North Slope Science Initiative.

A2: Strategy - Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.

Target #1: Negotiate and sign MOUs for all large resource development projects with applicable state and federal agencies.

Measure #1: MOUs signed that ensure the required personnel, resources, and process design are adequately funded to meet the review and permitting schedule.

Analysis of results and challenges: To date, all MOUs have been signed with resource development companies.

A3: Strategy - Secure funding and support to continue participating in the review of trans-boundary projects located in Canada.

Target #1: Negotiate and sign RSAs with other state or federal agencies to secure funding to review and comment on trans-boundary projects.

Measure #1: RSAs signed that ensure the required personnel and resources are adequately funded to meet the review and commenting schedule set forth by the Canadian Federal Agencies and British Columbia.

Analysis of results and challenges: RSA has been signed with the Dept. of Fish and Game and interagency teams are currently monitoring and reviewing permitting progress for the Tulsequah Chief Mine, the Galore Creek Mine, and the Premier-Westin Mine cleanup project.

Component: Office of Habitat Management and Permitting

Contribution to Department's Mission

The mission of the Habitat component is to protect Alaska's valuable fish and wildlife resources and their habitats as Alaska's population and economy continue to expand.

Core Services

- Review applications and issue permits for activities in anadromous waterbodies and fish-bearing waters (Title 41); provide expertise to protect important fish and wildlife habitat; monitor authorized projects.
- Review proposed timber harvest activities; conduct field inspections; work cooperatively with timber operators and other governmental agencies.
- Maintain and revise the Catalog of Waters Important for the Spawning, Rearing, or Migration of Anadromous Fishes.
- Review development projects (e.g., oil and gas, hard-rock mining, hydropower, roads) authorized under other agencies' authorities.
- Conduct research on ways to minimize impacts of development projects on fish and wildlife resources.

End Results	Strategies to Achieve Results
<p>A: Protect Alaska's valuable fish and wildlife resources and their habitats during resource development activities.</p> <p><u>Target #1:</u> 100% of resource developers meet agency requirements for protection of fish, wildlife, and their habitats.</p> <p><u>Measure #1:</u> Percentage of developers in compliance with their approved permit.</p>	<p>A1: Enhance our Title 41 review process by adding appropriate conditions to protect resources, reviewing projects in a timely manner, and monitoring, as needed.</p> <p><u>Target #1:</u> 100% of Fish Habitat (Title 41) permit applications are approved as is or modified with appropriate conditions to protect resources.</p> <p><u>Measure #1:</u> Percentage of Fish Habitat (Title 41) permits approved as is or modified with appropriate conditions.</p> <p><u>Target #2:</u> 10-day average permit review timeframe.</p> <p><u>Measure #2:</u> Average number of days to complete Fish Habitat (Title 41) permit reviews.</p> <p>A2: Enhance our participation in project reviews coordinated by other agencies by adding conditions to protect important habitat and by reviewing projects in a timely manner.</p> <p><u>Target #1:</u> 93.5% of coordinated reviews include appropriate conditions to protect important habitat.</p> <p><u>Measure #1:</u> Percentage of coordinated reviews where appropriate conditions are included to protect important habitat.</p> <p><u>Target #2:</u> 14-day average review timeframe.</p> <p><u>Measure #2:</u> Average number of days to complete reviews for projects in a coordinated review process.</p>

Major Activities to Advance Strategies

- Maintain a web site that includes information on the Anadromous Waters Catalog and how to apply for Fish Habitat Permits
- Develop simple technical guidelines & design criteria for applicants to use to complete and submit permit applications or prepare site rehab plans
- Conduct field research for select projects which can be used as models to develop policies/criteria for mitigation impacts to fish/wildlife resources
- Actively work with project applicants to identify issues, requirements and solutions prior to submittal of permit application packages
- Provide advance identification of fish habitat and stream cataloging in areas where projects are likely to occur
- Actively participate on the state's large project teams for hard rock mines, oil and gas development, and major new road projects
- For specific projects (oil and gas development, hard-rock mines, etc.) issue Fish Habitat Permits that do not expire until use & rehab are complete.
- Issue General Permits (GPs) for certain activities such as vehicle crossings of anadromous fish streams, boat launches, etc.
- Extensively use "general concurrences" in the coastal zone as a tool to decrease permit issuance time for most permit actions
- Maintain an automated permit tracking system, which allows staff to ensure timely responses
- Review and comment on authorizations issued by other resource agencies to ensure that fish and wildlife needs are addressed, as required by law
- Issue over-the-counter recreational placer mining permits for recreational mining using hand tools and small suction dredges

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,372,700

Personnel:

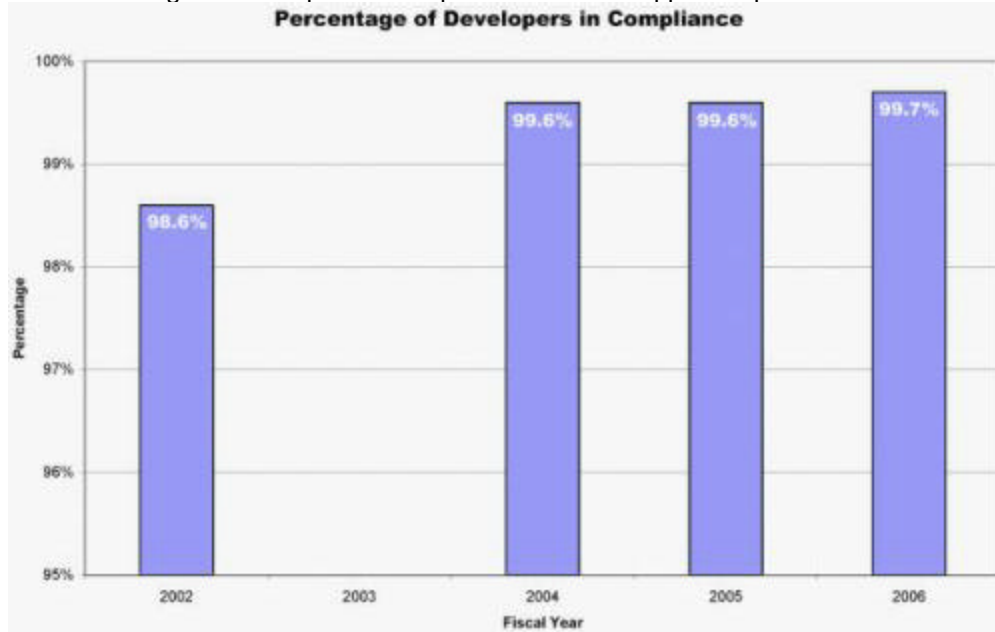
Full time	38
Part time	1
Total	39

Performance Measure Detail

A: Result - Protect Alaska's valuable fish and wildlife resources and their habitats during resource development activities.

Target #1: 100% of resource developers meet agency requirements for protection of fish, wildlife, and their habitats.

Measure #1: Percentage of developers in compliance with their approved permit.



of Title 41 permit applications reviews

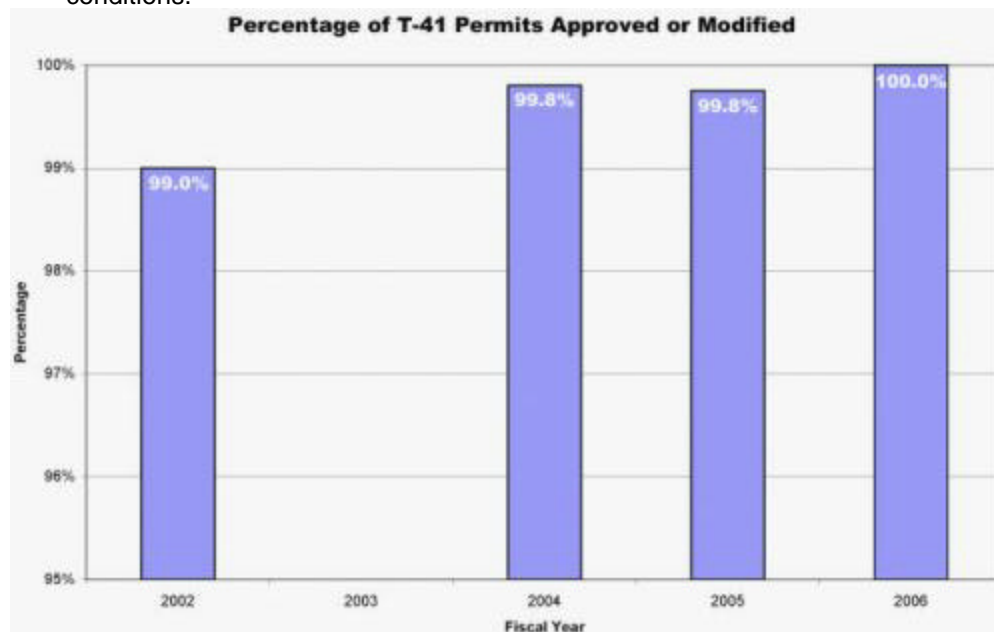
Fiscal Year	YTD Total
FY 2004	1,597
FY 2005	2,397
FY 2006	2,648

Analysis of results and challenges: 99.7% of all developers are in compliance with Fish Habitat permits (Title 41). The above percentage reflects projects where permits have been successfully issued and the developer is in compliance with their approved permit conditions. This percentage is an indication of our success in protecting fish, wildlife, and their habitats, while allowing approvable development activities to proceed. Data are not available for FY 2003, the year the Office of Habitat Management and Permitting (OHMP) moved to the Department of Natural Resources (DNR). Further, the number of Title 41 permit applications reviews continues to increase. For FY 04, 05, and 06, the numbers were 1597, 2397, and 2648, respectively, or an increase of almost 66% in 3 years. Trend-wise, this data indicates that OHMP continues to consistently achieve a high level of habitat protection simultaneous with an increase in permitted development activity.

A1: Strategy - Enhance our Title 41 review process by adding appropriate conditions to protect resources, reviewing projects in a timely manner, and monitoring, as needed.

Target #1: 100% of Fish Habitat (Title 41) permit applications are approved as is or modified with appropriate conditions to protect resources.

Measure #1: Percentage of Fish Habitat (Title 41) permits approved as is or modified with appropriate conditions.



Analysis of results and challenges: The Office of Habitat Management and Permitting's (OHMP) top priority is the review of Fish Habitat (Title 41) permit applications. 100% of Fish Habitat permits applications are approved as is, or modified with appropriate conditions to protect resources. This measure is an indication of the quality of our review. In spite of an 18% cut in staff and an 11% cut in budget in FY 04, OHMP continues to achieve high level results. Typically less than 1% of permits are denied or withdrawn, which means that OHMP is successful in reviewing and authorizing appropriate development activities while simultaneously protecting fish and fish habitat. Data are not available for FY 2003, the year that OHMP moved to the Department of Natural Resources (DNR). Trend-wise, this data indicates that OHMP consistently is able to approve permits while protecting the natural resources we manage.

Target #2: 10-day average permit review timeframe.

Measure #2: Average number of days to complete Fish Habitat (Title 41) permit reviews.

Average number of days to complete Title 41 permit reviews.

Year	YTD Total
2002	13.0
2003	15.0
2004	14.0
2005	12.0
2006	7.9

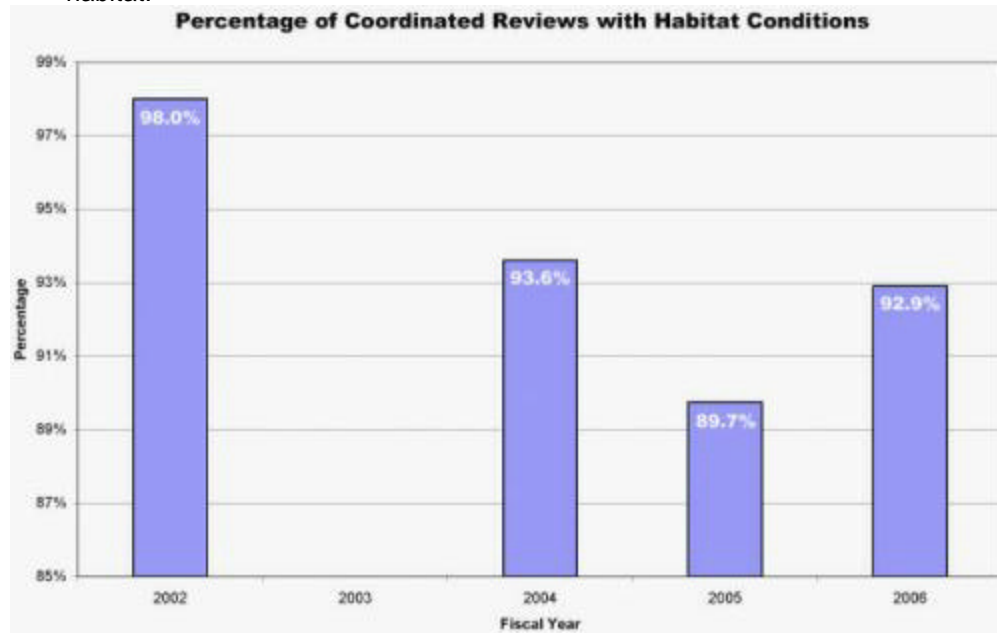
Analysis of results and challenges: The Office of Habitat Management and Permitting (OHMP) quickly processes permit applications and our application review timeframe continues to decrease. This measure is an indicator of the timeliness of our reviews. Trend-wise, in spite of an 18% cut in staff and an 11% cut in budget in FY 04, OHMP continues to improve on this timeline, with an FY 06 average of just 7.9 days. This means that our permits are timely issued and appropriate development activities are not held up. Further, the number of T41 applications reviewed continues to increase. For FY 04, 05, and 06, the numbers were 1597, 2397, and 2648, respectively, or an increase of almost 66% in 3 years. For FY 07, we have increased our target to reduce our

average permit review timeframe to 10 days (less than the 5-year performance average).

A2: Strategy - Enhance our participation in project reviews coordinated by other agencies by adding conditions to protect important habitat and by reviewing projects in a timely manner.

Target #1: 93.5% of coordinated reviews include appropriate conditions to protect important habitat.

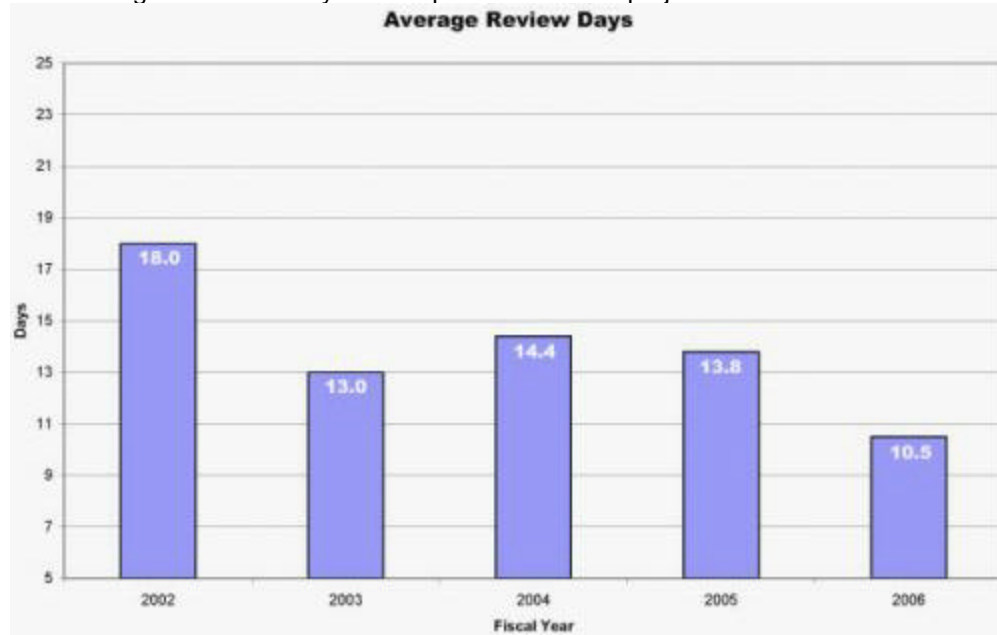
Measure #1: Percentage of coordinated reviews where appropriate conditions are included to protect important habitat.



Analysis of results and challenges: The Office of Habitat Management and Permitting (OHMP) also participates in the coordinated review of other proposed resource development activities, and adds appropriate conditions to protect habitat. In spite of an 18% cut in staff and an 11% cut in budget in FY 04, OHMP continues to exceed our targets; FY 06's result was 92.9%. This means that appropriate development activities are authorized to proceed while habitat is protected. For FY 07, we are increasing our target to 93.5% (the previous 4-year average; data are not available for FY 03, the year the Office moved to the Department of Natural Resources) to ensure continued participation at a very high level.

Target #2: 14-day average review timeframe.

Measure #2: Average number of days to complete reviews for projects in a coordinated review process.



Average number of days to complete reviews for projects in a coordinated review process.

Year	YTD Total
2002	18.0
2003	13.0
2004	14.4
2005	13.8
2006	10.5

Analysis of results and challenges: The Office Habitat Management and Permitting (OHMP) quickly reviews projects in a multi-agency, coordinated review process, and our review timelines are decreasing. In spite of an 18% cut in staff and an 11% cut in budget in FY 04, OHMP continues to improve on our review timelines. The FY 06 average review time for this activity was 10.5 days. This statistic means that permits are timely issued and conditioned, and that appropriate development is not held up. Further, the number of projects reviewed continues to increase. For FY 04, 05, and 06, the numbers were 751, 831, and 1048, respectively, or an increase of almost 40% in 3 years. For FY 07, we are increasing our target to ensure our review timelines remain at no more than 14 days (the 5-year performance average).

Component: Claims, Permits & Leases

Contribution to Department's Mission

Encourage environmentally sound use and development of state land and resources for public and private purposes.

This component provides most of the state authorizations necessary for the use of almost 90 million acres of State land by industry and the public. For that reason, the major outcomes for which this component is responsible are:

- I. Provide Revenue to the State Treasury
- II. Facilitate Job Creation from the Use of State Land
- III. Assure Environmentally Responsible Use of State Land

This component also provides authorizations necessary for oil and gas, mining, forestry, fishing, mariculture, commercial recreation, road-building, and other uses. There are few, if any, industries in Alaska that use state land that do not require an authorization provided by this component.

This component is budgeted based on the assumption that revenue generated by the development of state land should not only pay for its cost, but also provide a return to the state. Thus, the services provided by this component require approximately \$11.4 million. However, the direct revenue collected by this component is expected to be almost \$11.7 million. This revenue does not include all of the revenue generated by the development of state land, only the fees, rents, and royalties collected directly by this component. The figure does not include oil and gas royalties, forestry stumpage fees, mining license taxes, and other additional revenue.

Core Services

This component provides the land use authorizations necessary for the development of Alaska's state land. Almost all industries require authorizations provided by this component to operate on state land. Examples include:

- Oil and Gas: ice roads, support facility leases, exploration camps;
- Mining: claims, leases, access, land use permits, plans of operations, reclamation plans, technical review of major projects, compliance inspections;
- Forestry: log-transfer sites, access, support camps;
- Commercial Fishing: mariculture sites; shore fishery leases; leases for processors;
- Tourism: lodge sites, recreation access, hunting and fishing guide camps, and related permits;
- Construction: easements, material sales.

The Division of Mining, Land and Water is the steward of the state's land. Most authorizations for the use of state land are granted through this component. The division works with industry and the public to develop state land in a way that is efficient for industry, protects public resources, provides a return to the state and appropriately involves the public in decisions that affect them.

The division also provides much assistance through this component to private citizens by issuing permits and leases as needed, whether for a trapping cabin on a remote site or a utility line to bring services to a family. The division provides for personal use material sales to individuals and competitive material sales for those requiring larger quantities. Driveways, roads, trails, or waterlines are just a few of the rights-of-way issued to individuals. Working with private citizens to provide for their needs is an important service of the division. Much assistance provided to individuals and businesses regarding use of state land and resources does not lead to authorizations or revenue, but is required to manage state land.

Twenty separate programs are funded through this component, most of which involve a permit, lease, or other authorization. The division reports specific performance measures for each program. A brief description of each program is provided below. In addition, a small Information Technology unit supports this component with website, mapping, and database development.

UPLAND AND TIDELAND PERMITS. Land use permits are authorizations issued to use state land, on a temporary basis, for a variety of purposes. The permits range in duration from one or two days to five years. They are intended for

temporary, non-permanent uses such as floating lodges, log storage, scientific research, guide camps, equipment storage, public or private events, and commercial recreation. Permittees authorized under this program that conduct commercial recreation activities are required to register their commercial recreation day-use activities and pay a \$2 per visitor-use-day in addition to permit fees. The same requirement applies to commercial recreation permits.

TRAPPING CABIN PERMITS. The division issues 10-year non-exclusive permits to licensed trappers for construction and use of "shelter" cabins along established trap lines. Because of the program's narrow scope, only a few new permits are issued each year. Field visits are performed only when there are complaints that a cabin is being used for other than trapping purposes, such as for guiding or personal recreation.

COMMERCIAL RECREATION PERMITS. Commercial guides, outfitters, and other purveyors of commercial recreational services that remain overnight on state land are required to obtain a permit under this program. Essentially a general permit, this authorization is obtained over the counter upon application and payment of the fee. In general no permit is required for most day-use activities, only registration.

UPLAND AND TIDELAND LEASES. Leases are long-term authorizations for a wide variety of purposes. Examples of land uses authorized by lease include support facilities on the North Slope and community docks or marinas on state tidelands. Because leases are either awarded by bid or require payment of fair market value for the land and per visitor-use-day fees, they provide significant return to the state. A variety of factors, such as the number of years needed to amortize a project or whether it is negotiated or competitive, determine the lease duration. Leases convey an interest in state land and may, upon approval, be assigned or sublet. Because they convey an interest, the process to issue leases is more complex and lengthy, requiring survey and appraisal.

COMMERCIAL RECREATION FACILITIES DEVELOPMENT LEASES. This program is authorized by a specific statute, AS 38.05.073, to provide DNR with a modern set of "tools" to appropriately design and authorize a large commercial recreation development. At the present time we manage only one lease, Alyeska Resort. The Hatcher Pass lease, also developed under this statute, has been assigned to the Matanuska-Susitna Borough. These lease arrangements are much more complex than the normal leases and often are tied to borough ordinances and other investment negotiations. The Hatcher Pass lease is gaining momentum for a ski area development.

AQUATIC FARM LEASE. Alaskans wishing to grow and harvest shellfish and other ocean species may do so with an authorization under this program. Alaskan oysters are sold nationally and mussels are sold locally and used in many restaurants. In FY 95, this program was shut down by a court decision. The program re-established in 1999 with a new statute and regulations. Regulations require the Department to hold an opening every two years. An opening was held in 2005, and another is scheduled for 2007.

In these openings, an individual applies for a specific location. DMLW, DFG, and the Office of Project Management and Permitting work together to approve, reject, or approve the application with modifications. This can often be a 9-month process and is expensive for the state and the applicant.

An additional 123 pre-permitted sites currently are available for lease over the counter on a first-come first served basis.

SET NET LEASE. This long-standing program allows limited entry permit holders for gill net fishing from shore to obtain a lease for their fishing sites. The authorization does not allow any upland development. Although it is not a requirement to fish, a lease gives the fishers control over the location where they traditionally fish. The leaseholder may use the location for set-net fishing to the exclusion of others.

PUBLIC AND CHARITABLE LEASES AND CONVEYANCES. This long-standing program is designed to facilitate public uses of state land which are permanent in nature and require site control. This is accomplished by official land survey and conveyance of an interest in the land. Examples of leases or conveyances processed under this program include sites for local fire stations and community centers, cemeteries, land fills, Girl Scout camping facilities, public works maintenance facilities; and public facilities requested by municipalities. The processing of a lease under this authority is similar to that of a regular lease and involves a written decision, public notice and survey. The statute allows the payment by the lessee or purchaser to be less than fair market value. An appraisal may be required to establish the actual lease rate or purchase amount. The workload under this authority theoretically should decrease somewhat as local governments receive their land entitlement under the Municipal Entitlement Program. However, the complexity of each proposed leasing action increases as land status, social issues and competition for land increases. Also more municipalities and non-profits are applying for authorizations under this authority.

LOG TRANSFER FACILITY LEASES AND PERMITS. Log transfer and log storage leases and permits authorize the movement of logs from public and private uplands into marine waters. The lease duration is determined by a variety of factors such as the number of years that logging is expected to occur and whether the lease is negotiated or competitive. Permits are issued for authorizations for less than five years. Bark accumulation on the ocean floor for both log transfer and log storage sites is monitored to meet DEC's general permit requirements. This requires multi-agency review of remediation proposals by the lessee. The number of authorizations is expected to decline due to the completion of logging on the majority of private lands and continuing legal challenges to the USFS timber program.

MATERIAL SALES. Sale contracts for materials such as pit-run gravel, peat, ornamental stone and sand are issued to meet private and public needs. Rock, sand and gravel sales to private companies support industrial, mineral, and oil & gas development including the construction of roads and building pads. Public sales are provided to DOTPF and communities for projects such as road construction, bank stabilization, or emergency repairs due to natural disasters. If materials are sold non-competitively from an existing pit, contracts can typically be issued quickly. Limited material permits of up to 200 cubic yards (cy) are sold over-the-counter to the public; the division issues approximately 160 such permits annually. Cycle times for new material sources and competitive sales (greater than 25,000 cy per year) are variable based on location and size. These actions require best interest findings and public notice, requiring a more lengthy process. Except for public sales, materials are sold at fair market value. Prices are being adjusted in FY 2007.

EASEMENT ASSERTION, MANAGEMENT & VACATION. Easements are issued for the construction of roads, trails, driveways, public and private utilities, and communications facilities. They include authorizations for development projects such as ice roads for oil and gas exploration or access to mining claims. A private exclusive use easement is a disposal of state interest and requires a decision, public notice, survey, and appraisal to determine annual rental. Cycle times for processing rights-of-way are highly variable and depend upon the complexity of the competing interests and land status along with timely completion of the necessary survey and appraisal by the applicant. The division also adjudicates easement vacations where equal or better access exists.

Easement management is one of the fastest growing and most time consuming issues the division faces. The division is seeing a large increase in requests to assert RS 2477s and other easements, define exact locations for previously asserted easements, resolve use conflicts of asserted easements, and to vacate those previously asserted. The majority of demand on the easement staff comes from the public requesting easement management rather than requesting new authorizations. The staff is asked to resolve access and use conflicts, lack of access, and stop or mitigate resource damage either on or off established easements. The staff time required to resolve these normally complex issues is large, ever-increasing, and largely unbudgeted.

Because of the division's limited enforcement authorities, difficult problems such as trespass, easement encroachments or resource damage caused by public access often require work with the Department of Law and frequently the court to resolve. Because of this time consuming process, many easement problems go unabated.

PLAT APPROVAL IN THE UNORGANIZED BOROUGH. By law, DNR is the platting authority in the unorganized borough. This project involves review and approval of survey plats submitted by surveyors for subdivision of lands and right-of-way dedications in the unorganized borough. The purpose of this project is to insure that subdivisions within the unorganized borough are surveyed, recorded and have legal access. Prior to passage of AS 40.15.300, these requirements were not addressed, allowing for paper plat subdivisions and subdivision by deed (without a field survey). These result in lack of access, gaps, overlaps, and clouded boundaries, creating survey and title problems.

INTERAGENCY LAND MANAGEMENT ASSIGNMENTS. DNR is the major state agency with authority to hold title to land. In cases where other agency facilities are needed, DNR holds title to the land but assigns the land management authority to the requesting agency. In cases where significant public concern is involved, the assignment requires public notice and significant public discussion. The Department of Transportation and Public Facilities and the Division of Parks and Outdoor Recreation are the most frequent assignees. Almost all assignments to these agencies provide land for roads or developed facilities that are planned and funded.

MINERAL PROPERTY MANAGEMENT. This project processes and maintains the state's mineral location records on state-owned lands. Mineral exploration, development, and production on Alaska's lands is dependent on current and up-to-date mineral title records documenting ownership and status of locations, all of which are maintained by the division. This project also administers the rental billings and royalty audits to assure Statehood Act 6(i) revenues are correctly paid to the state treasury and permanent fund.

There is a resurgence in claim staking activity due to regulatory improvements, improved business climate and increased prices for gold, copper, lead, zinc, silver and platinum. Gold prices are now over \$550/ounce. The division currently has 4.55 million acres under location and by next year, it is anticipated to be 5.0 million acres.

The increased mining activity has contributed to a growing backlog in processing mining license tax, royalty returns and audits. Timely and accurate processing and auditing is required to maximize mining revenues to the state. Two new FY2006 staff positions are increasing the Mineral Property Management's ability to address these issues.

By the end of FY2007, the division expects to have received \$3.7 million in revenue from mining. In FY2008, the division anticipates receiving \$4.0 + million in revenue with the increase due mostly to a growing number of mineral properties maintained by the division. As a result of increased mining activity and higher metal prices, revenue from the Mining License Tax increased two fold to \$10.3 million in FY2005, and is expected to increase to \$14.0 + million in FY2007.

GENERAL MINE PERMITTING. Large hardrock mines, placer mines and mineral exploration activities involving heavy equipment and discharge of water require permits from a variety of state and federal agencies. The mine permitting section processed approximately 375 permit applications, including those for land use permits, plan of operations approvals, and mine reclamation plan approvals, in FY2007, but this is expected to increase in step with the increased location filings and increased metal prices. Approximately 80 of these authorizations are within the coastal zone. Permits may be issued for up to 5 years. The program provides technical assistance to small miners, performs the technical review for new and existing large mine projects and conducts compliance inspections of both small and large operations. This program also administers individual reclamation bonds and operates the statewide reclamation bond pool for placer mines and exploration projects.

With the new staff positions, average permitting time decreased back to 2-3 weeks and staff was able to devote more time to field inspections. The new staff positions are also enabling the Division to address industry concerns re: the lack of adequate inspections and documentation that might leave the industry vulnerable to unwarranted challenges and criticism.

COAL SURFACE MINING, REGULATORY. This project administers the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) in a manner that protects the environment, is efficient to the coal companies, and involves the public. This program is funded by a combination of federal funds and state general fund match. To retain state primacy over the program, the coal program statutes and regulations must be administered consistent with federal standards and procedures.

ABANDONED MINE LAND PROGRAM. This 100% federally funded program works to reduce or eliminate hazards caused by historic mining (before the advent of modern mining methods and laws) to protect public health, safety, general welfare and property, and to restore the environment where degraded by historic mining. The federal government funds reclamation of mines that were abandoned before the passage of the federal Surface Mining Control and Reclamation Act in 1977 from taxes paid by today's coal mines nation-wide. Alaska's program is funded 100% by the federal Office of Surface Mining. Alaska receives more grant money than in-state coal producers pay into the national fund pool. No state funds are involved.

GENERAL PUBLIC CONTACT. This project provides the majority of funding to DNR's Public Information Center, which expects to handle approximately 23,000 customers in FY06 (this figures reflects only direct person-to-person help to the public, and does not include visits to DNR's web site). Approximately another 6,000 people walk into or call the division offices for questions that are unrelated to a particular authorization or are not part of an application or a pre-application discussion. This is the only project in this component that does not produce an authorization to use state land. The project is included to document the significant workload and public benefit provided by the general public information and contact required of the division as the manager of state land. As the land owner, the division is requested to perform a large assortment of activities that do not relate to an authorization. Examples include: resolving use conflicts on easements, working with local government and residents to reduce substantial resource damage from public use, and investigating trespass use of state land.

INFORMATION TECHNOLOGY SUPPORT. A small unit supports all of these programs and other components in the division with IT support. Websites are developed and maintained to relay information and to help staff conduct business processes. The division maintains mapping software and query tools that serve statewide land data to adjudicators. Software is being developed to help improve case management, data tracking and retrieval, and work productivity.

End Results	Strategies to Achieve Results
<p>A: Industry and individuals obtain authorizations necessary for the environmentally sound use and development of state land and resources.</p> <p><u>Target #1:</u> Process 90% of new applications received. <u>Measure #1:</u> Percentage of new applications processed compared with the number received.</p>	<p>A1: Provide a good business environment in Alaska by processing authorizations within expected cycle times.</p> <p><u>Target #1:</u> Issue or deny land use permits within 8 weeks of receiving a complete application. <u>Measure #1:</u> Median number of weeks to process new land use permits.</p> <p><u>Target #2:</u> Process private exclusive easement applications for new sites within 2.0 years and public easements within 12 months of receiving a complete application. <u>Measure #2:</u> Median time to process private exclusive and public easement applications.</p> <p><u>Target #3:</u> Enter new mineral location notices into the Land Administration System within 2 weeks of receiving appropriate documentation and payment. <u>Measure #3:</u> Median number of weeks to enter new mineral location notices into the Land Administration System.</p> <p><u>Target #4:</u> Process 100% of easement vacation requests received. <u>Measure #4:</u> Percentage of new easement vacation requests processed.</p> <p><u>Target #5:</u> Process upland and tideland leases within 2.5 years of receiving a complete application. <u>Measure #5:</u> Cycle time to process upland and tideland leases.</p> <p>A2: Monitor authorized activities to insure that regulations and stipulations are followed.</p> <p><u>Target #1:</u> 100% of required mineral reclamation is accomplished without significant environmental problems. <u>Measure #1:</u> Percentage of mineral reclamation projects with uncorrected significant environmental compliance issues.</p> <p><u>Target #2:</u> Conduct site inspections of 10% of active land use permits. <u>Measure #2:</u> Percentage of active land use permits inspected.</p>
End Results	Strategies to Achieve Results
<p>B: The use of state land provides either direct or indirect economic benefit to the state.</p> <p><u>Target #1:</u> Generate \$10 million in revenue (\$3 million more than the General Fund cost to this component). <u>Measure #1:</u> Amount of revenue generated by this component.</p>	<p>B1: Generate more revenue than the component costs.</p> <p><u>Target #1:</u> 5 out of 19 programs (authorization types) will generate more revenue than they cost to run. <u>Measure #1:</u> Number of programs that generate more revenue than they cost to run.</p>

	<p><u>Target #2:</u> Generate \$3.7 million net revenue through processing of mining claims, mineral leases, and annual placer mining applications.</p> <p><u>Measure #2:</u> Net revenue generated by mining authorizations.</p> <p><u>Target #3:</u> Generate \$186,000 net revenue through processing of material sale applications in FY07.</p> <p><u>Measure #3:</u> Net revenue generated by material sale authorizations.</p>
End Results	Strategies to Achieve Results
<p>C: Manage state land and resources in an environmentally sound manner that sustains current and future use.</p> <p><u>Target #1:</u> Authorize 100 miles of ice road construction on the North Slope.</p> <p><u>Measure #1:</u> Miles of ice roads authorized and constructed on the North Slope to allow oil and gas exploration and development to be conducted with minimal impact to the tundra.</p>	<p>C1: Identify unauthorized activities and either bring activity into compliance or start trespass case.</p> <p><u>Target #1:</u> Resolve trespass cases for all identified illegal activities that are not brought into compliance.</p> <p><u>Measure #1:</u> Number of trespass cases resolved.</p> <p>C2: Restore, reclaim, or rehabilitate damaged, polluted or abandoned sites.</p> <p><u>Target #1:</u> Reduce the number of identified hazardous sites through reclamation efforts by four.</p> <p><u>Measure #1:</u> Number of identified hazardous sites reclaimed.</p> <p><u>Target #2:</u> Remove 8 shipwrecks and abandoned vessels that restrict the use of state tidelands, shorelands, and submerged lands.</p> <p><u>Measure #2:</u> Number of shipwrecks or abandoned vessels removed.</p>

Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> • Process 200 new Upland and Tideland Permits and administer 1,200. • Process an estimated 60 new Commercial Recreation Permits. • Process 5 new Upland and Tideland Leases and administer 400. • Administer existing Alyeska Commercial Recreation Lease in Girdwood. • Process 15 new Set Net Leases and administer 1,050. • Process 6 Public and Charitable Use Leases or Sales and administer 150. • Process 2 permits and one long term lease on Log Transfer Facilities; administer 85; complete 30 bark monitoring analyses. • Process 60 new contracts and administer an estimated 650 contracts in Material Sales. | <ul style="list-style-type: none"> • Process 30 Easements; administer 2,400 Easements. • Issue 50 Plat Approvals. • Process 15 new ILMA applications and administer 1,000. • Coal Regulatory: Process 1 new mine permit, administer 4-11 existing mine permits, and 7 exploration permits. • AML: Eliminate 14 acres of coal fires and public safety hazards at approximately 8 facilities. • AML: Administer \$1,700,000 in capital projects. • MPM: Process 43,500 new and exist'g locations represent'g 2,750,000 acres under location; process 250 claim conversions and administer 40 coal leases. • GMP: Administer an est. 355 mine permits; accomplish reclamation with less than 2000 acres of cumulative disturbance for the industry. |
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FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$11,411,800	Personnel:	
	Full time	113
	Part time	0
	Total	113

Performance Measure Detail

A: Result - Industry and individuals obtain authorizations necessary for the environmentally sound use and development of state land and resources.

Target #1: Process 90% of new applications received.

Measure #1: Percentage of new applications processed compared with the number received.

Percentage of new applications processed

Year	Applications Received	Authorizations Issued	YTD Total
2004	613	521	85%
2005	630	535	85%
2006	539	455	84%

Analysis of results and challenges: In general, many types of businesses received authorizations that allowed businesses to use state land for financial gain. Authorizations in this component benefit utility, oil and gas, mining, commercial recreation, tourism, fishing, construction, and other development industries by giving them legal access to the state owned land and resources.

In FY06 the division fell further behind in its processing capability, primarily due to staff shortages and other conflicting priorities with land stewardship responsibilities. The staff shortages in the division are due to the inability to fill some positions, high turnover, and the inability to retain employees. The salaries are not competitive with other agencies, boroughs and private market. Access concerns and the variety of trespass issues grows incrementally with the increase in population and development on state land and adjacent private land. The public and legislative requests for active land management that does not involve issuing an authorization is increasing rapidly. The substantial amount of time staff spend on these issues takes them away from their duties to process authorizations.

In some case types like permits, the staff was able to process some of the backlog of applications that came in from previous years. On the other hand, the division only processed 60% of the uplands and tidelands leases, 50% of easement vacations, 55% of the easements, and 27% of public and charitable leases.

The areas where we fell behind was because the number of applications being submitted to DNR exceeds the staff's capacity to process them. As a result, there is an increasing backlog of leases and easements, in many cases preventing the legal use of state land for businesses. This can prevent some development projects and is a loss of revenue to the state. This is particularly true regarding applications for easements and upland leases where there are 755 easement and 211 lease applications are in backlog. In part, this is because these programs require title reports, surveys and appraisals - and these support function staff are dedicated to other higher priority department work. Because these other priority programs that also require title, survey, and appraisal support, such as land sales and oil and gas lease sales, continue to grow, it is expected that this backlog will only worsen in these specific case types. On the other hand, there are many leases that have not been issued, but the applicants have gained the use of state land through early entry authorizations while the survey and appraisals are complete.

A1: Strategy - Provide a good business environment in Alaska by processing authorizations within expected cycle times.

Target #1: Issue or deny land use permits within 8 weeks of receiving a complete application.

Measure #1: Median number of weeks to process new land use permits.

Median Cycle time

Year	Applications Received	Applications Processed	Cycle Time
2004	237	180	8 Weeks
2005	175	229	8 Weeks
2006	174	194	10 Weeks

Analysis of results and challenges: In FY 06, the median cycle time to issue 194 Land Use Permits has increased to 10 weeks. In part this can be attributed to staff vacancies during part of the year. The high turnover rate requires extensive training to bring new employees up to full efficiency. This cycle time does not include some of the land use permits that remain in backlogged status for various reasons.

The division seeks to allow commercial use of state land authorized by Land Use Permits where it can be done in an environmentally responsible manner and land use conflicts can be mitigated. Land use permits are the primary authorizations that allow commercial businesses to operate or use state land for non-permanent improvements that last 5 years or less. Land use permits vary in complexity and demand on staff time. In some cases, the division must deal with extensive public comment and considerable use conflicts. This variable is very difficult to control. In addition, much staff time is spent dealing with customer requests that are related to land use but may or may not result in a land use permit but are directly related to evaluating and insuring the appropriate use of state land. The current staffing level does not allow adequate field inspections or management of existing land use permits.

Target #2: Process private exclusive easement applications for new sites within 2.0 years and public easements within 12 months of receiving a complete application.

Measure #2: Median time to process private exclusive and public easement applications.

Median Processing Cycle Time

Year	Private Exclusive Issued	Private Cycle Time	Public Issued	Public Cycle Time
2003	6	2 Years	10	32 Months
2004	11	4 Years	50	24 Months
2005	11	8 Years	48	7 Months
2006	9	3.75 Years	45	14.5 Months

Cycle times are derived from those cases authorized each FY.

Analysis of results and challenges: Staff have issued access authorizations for approximately half the number of easements that have been received in FY06.

Relatively few private exclusive easements are issued (9 in FY06) because most individuals and businesses do not want to pay for the yearly rental, but they are more challenging to adjudicate because they prohibit other uses. These are generally for mining roads, oil and gas development, entrances to hotels and other specific commercial purposes. Depending on location and nature of proposed use, these can engender substantial public comment and controversy. They require title report, survey and in some instances an appraisal.

The majority of the easements issued are public or non-exclusive easements (45 in FY06), but not necessarily less complex. The majority are more routine and can be processed in less time than private easements. They often require public notice, title research and survey. These can include easements for road and trail access, utilities, waterlines and other purposes.

In both of these cases the division issues early entry authorizations, often within 1-2 months, that allows some construction to begin, followed by a survey after construction. The easements are often issued once the construction and the survey requirements are fulfilled by the applicant. This can cause delays in issuance even

though the use and enjoyment of the land has been obtained. The division has created some easier survey standards for trail easements in order to speed up the processing times. Some of the most routine and non-complex easements can be issued in 2 months.

The cycle time improvement in private easements is only reflective of which applications were processed in FY 06. They are not necessarily processed in a first come first served basis. The public easement cycle times are increasing. Growing demands for legal access and active easement management mixed with increasing complexity of land ownership have exceeded the staff capacity. Encroachments, misuse of easements, blockage of access, and a wide assortment of requests are received weekly by the easement management staff. Another contributor to the increasing backlog is the substantial bottlenecks in the required support functions of title reporting and surveys. New regulations are required to help streamline processing by resolving some of the time consuming work that does not have clear policy. Without additional staff and new regulations, we expect that the cycle times will continue to increase.

Target #3: Enter new mineral location notices into the Land Administration System within 2 weeks of receiving appropriate documentation and payment.

Measure #3: Median number of weeks to enter new mineral location notices into the Land Administration System.

Year	YTD Total
2002	4 wks
2003	2 wks
2004	2 wks
2005	2 wks
2006	2 wks

Analysis of results and challenges: It is very important to mining businesses to quickly get the mineral location notices entered into the case management system called the Land Administration System in order to prevent overstaking. Additionally miners want to see the claims show on the plats at the same time but the LAS entry is required first. The Department made substantial improvements to the processing procedure, customer service options, and information availability in 2002. This has enabled the division to consistently process mining claims.

Target #4: Process 100% of easement vacation requests received.

Measure #4: Percentage of new easement vacation requests processed.

Percentage of Vacation Requests Processed

Year	# Requests Received	# Processed	YTD Total
2003	41	17	41%
2004	41	11	27%
2005	22	15	68%
2006	30	15	50%

Analysis of results and challenges: The Division has 80 files that are pending, meaning we are waiting for them to go into agency review, we need more information from the petitioner, we are waiting for a petitioner response, or the plats need to be recorded. Vacation decisions have to gain concurrence from DOT/PF. With the more complex land ownership, receiving a vacation that provides equal or better access is becoming more difficult. Although only 15 vacation decisions were rendered, 25 easement vacations were recorded, nearly half coming from decisions made the previous fiscal year. After repeated and extended recruitment attempts, we have not been able to fill the vacated position that has the primary responsibility for processing the decisions whether to vacate. This has seriously impeded our ability to process easement vacation requests.

Target #5: Process upland and tideland leases within 2.5 years of receiving a complete application.

Measure #5: Cycle time to process upland and tideland leases.

Processing Cycle Time

Year	Applications Received	Applications Processed	Processing Cycle Time
2004	21	19	2 Years
2005	30	6	7 Years
2006	27	9	2.1 Years

Cycle times derived from those cases processed each FY.

Analysis of results and challenges: Leases require title research, survey and appraisal before issuance of a lease. Occasionally some use can be approved through an early entry authorization while the lease is being adjudicated. Leases vary in complexity and time to complete. Only 9 leases were issued in FY06. We are experiencing a growing backlog of leases that can not be completed with existing staff. As with easements, we also have a bottleneck to reach completion without adequate staffing in surveys and title. We do not expect cycle times to improve without additional staffing. This lengthy cycle time is unacceptable for businesses to make any sort of investment decisions with that type of uncertainty.

A2: Strategy - Monitor authorized activities to insure that regulations and stipulations are followed.

Target #1: 100% of required mineral reclamation is accomplished without significant environmental problems.

Measure #1: Percentage of mineral reclamation projects with uncorrected significant environmental compliance issues.

Percentage of unabated compliance actions

Year	YTD Total
2003	0%
2004	0%
2005	20%
2006	17%

Analysis of results and challenges: FY06 Results

Notice of Violation: 4 Issued, 3 Abated, 1 Outstanding

Cessation Order: 1 Issued, 1 Vacated

Directive: 20 Issued, 23 Abated, 4 Outstanding

The coal program staff closely monitor coal reclamation projects to insure that they meet strict stipulations and standards designed to protect the environment. DNR inspects coal mining operations and can perform various levels of compliance actions. In severity from least severe to most, a Directive is an informal warning that tells the company how to fix the problem but allows operations to continue; a Notice of Violation is a monetary fine given when a company fails to meet the directive or there is immediate harm to the environment or public safety; and a Cessation Order stops operations and assesses a daily fine until the issue is resolved. DNR has taken actions to mitigate or stop environmental damage in a way to least impact the commercial ventures, and most have been successfully abated.

In FY06 there were several directives that were not abated primarily due to the timing of the fiscal year. The directives were issued late in the fiscal year but we expect that the directives will be abated early in FY07.

Target #2: Conduct site inspections of 10% of active land use permits.

Measure #2: Percentage of active land use permits inspected.

Percentage of LUPs inspected

Year	YTD Total
2002	14%
2003	25%
2004	15%
2005	15%
2006	10%

Analysis of results and challenges: Periodic inspections of a portion of the businesses authorized under land use permits insures better compliance of the stipulations and conditions. Correcting non-compliant actions protects the environment, reduces the state's potential liability, prevents trespass, and prevents social conflicts. Inspecting 20% of the authorized activities is a bare minimum that should be done. In some cases, such as when the division permits cross country travel to get equipment to a mining development, it is very important to look at whether damage has occurred in order to not only protect the environment, but also to refute accusations that may be lobbied to hurt the mining industry. The division currently gets more complaints about non-compliant permittees than we can investigate. Therefore, we need to increase site visits but are unable to do so with current staffing levels. In the highly competitive world of commercial recreation guide services, it is important to insure the legitimate businesses that we will investigate the businesses that are going beyond the authorized use, like putting up structures or staying in camps longer than authorized. Because the same staff conducts field inspections and processes the land use permits, if more time is spent in field inspections, less permits are processed.

B: Result - The use of state land provides either direct or indirect economic benefit to the state.

Target #1: Generate \$10 million in revenue (\$3 million more than the General Fund cost to this component).

Measure #1: Amount of revenue generated by this component.

CPL Revenues

Year	YTD Total
2001	\$9.8 M
2002	\$8.5 M
2003	\$8.5 M
2004	\$8.5 M
2005	\$9.9 M
2006	\$9.4 M

Analysis of results and challenges: The Claims, Permits and Leases component brought in more revenue than it costs to operate the component. Most of these revenues go to the general fund with some program receipt authority funding the component. These revenues come from a variety of sources and industries. The figures shown do not include Federal Receipts, Statutory Designated Program Receipts, and Interagency Receipts. It is difficult to capture this data, so it is not shown on a quarterly basis.

B1: Strategy - Generate more revenue than the component costs.

Target #1: 5 out of 19 programs (authorization types) will generate more revenue than they cost to run.

Measure #1: Number of programs that generate more revenue than they cost to run.

Number of profitable programs

Year	YTD Total
2003	5
2004	6
2005	5
2006	5

Analysis of results and challenges: Although profitable as a whole, not every program in this component earns a profit. Some of the programs are very effective and provide sought after services to industry in Alaska yet are not high revenue producers. This shows that less than half of the programs actually carry some of the other programs financially.

The programs that cost less than the revenue produced include Commercial Recreation Permits, Public and Charitable Use, Mineral Property Management, Placer Mining Applications and Material Sales.

Target #2: Generate \$3.7 million net revenue through processing of mining claims, mineral leases, and annual placer mining applications.

Measure #2: Net revenue generated by mining authorizations.

Net revenue

Year	YTD Total
2003	\$3.2 M
2004	\$3.7 M
2005	\$3.7 M
2006	\$4.9 M

Analysis of results and challenges: The net revenue shown is the gross revenue minus the operating costs. Mineral prices continue to be high, encouraging mining activity. Therefore, rentals, royalties, and fees have created increased revenues. The division has begun to collect some of the first royalties from large mines. It is forecasted that mineral activity will remain high.

Target #3: Generate \$186,000 net revenue through processing of material sale applications in FY07.

Measure #3: Net revenue generated by material sale authorizations.

Net revenue

Year	YTD Total
2003	\$718.3
2004	\$148.2
2005	\$532.4
2006	\$765.9

Analysis of results and challenges: Material sales continue to bring in increased revenue. The majority of the revenue is generated by gravel extraction used for construction projects. Oil and gas projects on the North Slope have generally been the largest construction projects using gravel. As exploration and development increase on the North Slope, it is expected to bring in more material sale revenues. It is difficult to accurately break out the revenues in this component on a quarterly basis so they will be reported yearly.

C: Result - Manage state land and resources in an environmentally sound manner that sustains current and future use.

Target #1: Authorize 100 miles of ice road construction on the North Slope.

Measure #1: Miles of ice roads authorized and constructed on the North Slope to allow oil and gas exploration and development to be conducted with minimal impact to the tundra.

Miles of Ice Roads Constructed

Year	# of Roads Authorized	Miles Constructed
2004	16	117
2005	11	99
2006	16	113

Does not include some of the smaller projects.

Analysis of results and challenges: In order to allow heavy machinery to repetitively cross the tundra on the North Slope during the winter, ice roads must be constructed, distributing the weight of the equipment and protecting the tundra. DMLW staff review conditions before work begins, monitors progress, and often does site inspections the following summer to inspect for damage. DMLW is evaluating various procedures used to construct ice roads in order to determine the method that causes the least impact. DMLW will halt ice road construction if damage is occurring during the construction.

C1: Strategy - Identify unauthorized activities and either bring activity into compliance or start trespass case.

Target #1: Resolve trespass cases for all identified illegal activities that are not brought into compliance.

Measure #1: Number of trespass cases resolved.

Number of new trespass cases

Year	New Cases Initiated	Cases Resolved	Backlog	% of Backlog Resolved
2003	14	10	537	%2
2004	21	22	541	%4
2005	21	11	540	%2
2006	30	28	550	%5

Analysis of results and challenges: Trespass often results in damage to state land and resources, prevention of lawful use of state land, delays land disposals, and is inequitable to Alaskans who get appropriate authorizations to use state land and resources. In many cases this results in lost revenues to the state. Typical examples of trespass include, unauthorized cabins, road and utility building without easements, long term equipment storage, dumps, abandoned cars, and airstrip creation.

There are many cases of trespass on state land, often unreported. Even when reported, the cases often are not documented as a case and placed on the land records until there is substantiation with a field visit. Therefore the current inventory of 550 trespass cases is a severe understatement of the amount of unauthorized use of and damage to state land. When reported with enough substantiated information, a trespass file is created to document the illegal use. This information is noted to the plats and public record. Future decisions about use of that land will consider the effects of the trespass. Unfortunately, there is not enough staff or resources to adequately address the majority of the trespass issues. The same staff that process applications for legal use of state land are also responsible for addressing trespass cases. Any work done on trespass usually delays some form of an authorization from being adjudicated. Therefore, typically the more egregious cases are prosecuted or resolved. This is a very expensive and time consuming process. Trespass cases are closed when the use has been brought into compliance or the damage or use has been removed.

Unaddressed trespass typically encourages further additional trespass by others. Ideally, the division should work through all existing backlog and other non-reported cases to keep the state land and resources in prime condition for use. Unfortunately, the magnitude of the problem is intensifying with the increased population and use of state lands and the existing staff will not be able to get ahead of the growing backlog.

C2: Strategy - Restore, reclaim, or rehabilitate damaged, polluted or abandoned sites.

Target #1: Reduce the number of identified hazardous sites through reclamation efforts by four.

Measure #1: Number of identified hazardous sites reclaimed.

Number of hazardous sites reclaimed

Year	YTD Total
2002	10
2003	3
2004	14
2005	9
2006	12

Analysis of results and challenges: DMLW has an obligation to manage the state land for sustained use. Hazardous materials contaminating the state land prevents future development and disposals, is a health and safety risk, and a liability. There is a substantial workload associated with cleaning up sites, whether through contractors or by cooperation with other agencies. Four of the projects are from the efforts of the Abandoned Mine Land Program. This includes the clean up and rehabilitation of non-coal mining properties, often abandoned. This could be hazardous equipment, containers, open adits or pits, and other hazardous remains left by miners. Current mining programs have much tighter regulation of reclamation when mines close.

In addition these figures include sites on state land that had hazardous materials such as petroleum products, batteries, or asbestos. Some are large projects and some are small clean ups that prepare land to be sold. In some cases, the division coordinates with other agencies and funding sources (when available) to clean up sites. The division often inherits from other agencies problem properties with hazards that are returned to DNR as the state land owner. An example would be the old Goose Bay corrections facility (previously a NIKE site) that has been cleaned up in FY05/06 at a cost of over \$300.0.

Target #2: Remove 8 shipwrecks and abandoned vessels that restrict the use of state tidelands, shorelands, and submerged lands.

Measure #2: Number of shipwrecks or abandoned vessels removed.

Shipwrecks and abandoned vessels removed

Year	Number of new reported	YTD Total
2004	8	8
2005	8	7
2006	10	10

Analysis of results and challenges: Shipwrecks and abandoned vessels encumber the state tidelands, shorelands and submerged lands. Sometimes these vessels also present a hazardous materials risk. Other times contaminants have been removed but the vessel remains because of the high cost for removal. Depending on location, these vessels can prevent other legitimate use of state lands because of their occupancy of state land. They can also pose hazards to navigation. They can have an effect on private property values, block public access along tidelands, and tie up key anchorage locations.

Private vessel owners are responsible for the removal of the vessels. The division works with vessel owners, other agencies and insurance companies to get the vessels removed and properly disposed. The division does not have funding to remove these vessels but commits a substantial amount of staff time coordinating the removal. The division typically only addresses the ones that are the subject of complaints. Often the division must track down the vessel owner and pressure the owner to remove the vessel under the risk of civil action to recover the cost of removal.

Although the division is not increasing its backlog, there are 55 identified vessels that have not been removed. There are many other unreported vessels. This will continue to be an obligation well into the future.

Component: Land Sales & Municipal Entitlements

Contribution to Department's Mission

To make land available for private and public use by present and future Alaskans by conveying title to individuals through direct land sale programs and to municipalities under the entitlement and other programs.

Core Services

- **REVENUE GENERATION:** In FY06, this component generated \$ 6.3 million in revenue at a cost of \$3.8 million. The revenue comes from sale of state land. This is more than three (3) times as much revenue as DNR was receiving from state land sales in FY01. Most of the costs in this component are for preparing land for sale. This component also includes conveyance of state land to municipalities. One of the purposes of the municipal entitlement conveyance program is to generate revenue for local governments, therefore the municipal entitlement program results in net loss of revenue to the state government when income producing lands are transferred.

This component provides the following services:

- **LAND SALES TO INDIVIDUAL ALASKANS.** This program makes land available for private ownership. Tasks include: new land sales; new remote recreational cabin offerings; identify and classify additional lands for private ownership; and administering land sale contracts for lands previously offered. The 2000 Legislature revised the state land sale program and gave the Division very specific performance measures for land sales. The Division is proud that it met these performance measures in FY01, 02, 03, 04, 05 and FY06. Staffing challenges may hinder our ability to perform in FY 07. For specific performance measures, see "Key Component Challenges, and Major Component Accomplishments."
- **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS.** This program transfers land to municipalities to provide an economic base for municipalities and to provide land for community needs. The land is transferred in fulfillment of their municipal entitlements under AS 29.65. The legislature approved an increment in FY03 that enabled DNR to accelerate the task of municipal conveyances. Municipal conveyances decisions have increased from roughly 5,000 acres in past years, to 24,810 acres in FY04, 27,306 acres in FY05, 243,350 acres in FY 06, and an estimated 60,000 acres in FY07. This accelerated conveyance program will eliminate what was a 50-year entitlement backlog within a decade. The major focus of the FY 07 DNR work will be the remaining North Slope, Lake and Peninsula, Kenai Peninsula, and Denali borough entitlements.
- **TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES.** DNR transfers state owned tidelands to municipalities for existing and proposed development projects under AS 38.05.825 and upland parcels for public purposes under AS 38.05.810. The Division expects to process 2 parcels under these programs in FY07 and 2 in FY08.
- **PREFERENCE RIGHT LAND SALES TO INDIVIDUALS.** DNR negotiates sales to individuals that qualify for preference right sales. The workload is determined in part by the number and complexity of applications.
- **LAND EXCHANGES.** Due to past budget reductions, land exchanges are only performed when one of the parties desiring the exchange is willing to pay for this service. No land exchanges are included in this budget; however, when a significant state interest is involved, a reimbursement agreement may be used to fund the process.
- **LAND PLANNING FOR DISPOSAL AND DEVELOPMENT.** Preparation of land use and development plans for state land are largely funded through this component. These land use plans identify and classify land for new land disposals, land transfers to municipalities, timber harvest, and other development.

End Results	Strategies to Achieve Results
A: An adequate amount of state land is transferred into private ownership by individual Alaskans and to	A1: Offer land for sale to the public through a variety of programs.

Municipalities for settlement, recreation, development and other uses.

Target #1: Sell 300 parcels of land (approximately 3,000 acres) per year.

Measure #1: Number of new parcels sold or under contract for sale.

Target #2: Provide Alaskans local governance and use of state land by transferring of 80,000 acres of state land to municipalities under the Municipal Entitlement Act.

Measure #2: Acres transferred (approved) to municipalities.

Target #3: \$2.5 million is the target - our goals is to ensure that state land sales pay for program costs and generate a return to the state treasury.

Measure #3: Annual net revenue from state land sales.

Target #1: Offer 1,700 parcels of land for sale over-the-counter.

Measure #1: Number of parcels for sale over-the-counter.

Target #2: Offer 250 Remote Recreation Cabin Stakings.

Measure #2: Number of stakings offered.

Target #3: Offer 300 parcels of land at auction.

Measure #3: Number of parcels offered for sale at auction.

Target #4: Process 20 Preference Rights Applications in FY07.

Measure #4: Number of Preference Right applications processed.

A2: Identify and classify land for future land sales, transfers to municipalities, and other resource development.

Target #1: Revise one land use plan to classify the appropriate use of state land, including settlement, other forms of development, and transfer to municipalities.

Measure #1: Number of plans completed or revised.

Target #2: Classify 50,000 acres of land for settlement (for future municipal entitlements or land sales) in FY08.

Measure #2: Acres classified through land use plans for settlement, agriculture, or to other land classifications that enable conveyances to municipalities, and other land disposals.

A3: Sell state land at fair market value to generate revenue to pay for future land sale costs and generate return to the General Fund, including long-term return through land sale contracts.

Target #1: Collect an estimated \$5.8 million in annual revenue from various land sale programs in FY07.

Measure #1: Dollars received from land sales.

Target #2: Maintain 2,200 land sale contracts from past land sales.

Measure #2: Number of land sale contracts maintained.

A4: Transfer state land to municipalities to encourage their growth and development, to generate revenue for municipalities, and for municipal land sale programs.

Target #1: Approve transfer of 60,000 acres to municipalities in FY07, and 60,000 acres in FY08.

Measure #1: Acres included in final decisions.

Major Activities to Advance Strategies

- Offer 300 parcels at auction. Parcels which do not sell at auction are offered over the counter. (As of 07/06 we
- Appraise 300 new parcels being offered for sale.
- Actively market the 1,000 OTC parcels and 300

Major Activities to Advance Strategies

- est. there will be 2,000 parcels OTC)
- Sell 285 parcels of land per year, through auctions, Over-the-Counter, Preference Right applications, or finalized sales from RRCS staking program.
- Grant 250 Remote recreation cabin staking authorizations.
- Process 20 preference rights applications.
- Issue 285 deeds to transfer title once full purchase price is paid.
- Identify and classify at least 5,000 acres of land for settlement through land use plans.
- Identify and classify at least 40,000 acres for potential transfer to municipalities and other resource development.
- Revise or prepare 2 land use plans.
- auction parcels through public information campaigns.
- Accept down payments and enter into purchase agreements or long-term sale contracts with new purchasers.
- Maintain and collect payments for land sale contracts from past land sales.
- Issue final administrative decisions to approve municipal selections for 60,000 acres.
- Issue patents or other deeds to municipalities for 6,000 acres.
- Issue final administrative decisions and issue patents to municipalities for 4 tidelands tracts.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,323,700

Personnel:

Full time	47
Part time	0
Total	47

Performance Measure Detail

A: Result - An adequate amount of state land is transferred into private ownership by individual Alaskans and to Municipalities for settlement, recreation, development and other uses.

Target #1: Sell 300 parcels of land (approximately 3,000 acres) per year.

Measure #1: Number of new parcels sold or under contract for sale.

Number of Parcels sold

Year	Acres	YTD Total	Target
2002	2,879	470	150
2003	4,647	605	150
2004	1,694	575	410
2005	3,251	374	450
2006	4,426	477	300

Analysis of results and challenges: FY06 Results

Auction: 101 Parcels Sold, 769 Acres sold or under contract for sale

OTC Auction: 376 Parcels Sold, 3,657 Acres sold or under contract for sale

Total: 477 Parcels Sold, 4,426 Acres sold or under contract for sale

The results are a combination of the auctions and over-the-counter sales. The Division exceeded its target, but it is becoming increasingly difficult to meet the targets due to several reasons. There are less and less desirable areas available that are classified settlement in the area plans. When sale areas or parcels are identified in organized boroughs, the boroughs are placing increasingly more difficult requirements on the state before their platting authorities will approve the sales. This places the division in the position of having to drop some

desirable areas. The timeline to produce land disposals with the given land ownership patterns, borough restrictions, access development requirements, and land problem resolution is becoming difficult. In the two previous fiscal years, there was a substantial amount of old disposals that could be reoffered to help meet this goal but now there is a greater workload to prepare new areas that were not previously offered.

Compounding the difficulty are the problems with keeping full staffing levels. Salaries that do not compete with the private market, federal agencies, and boroughs makes it very difficult to maintain the staffing levels that are crucial to push forward these sales under very tight deadlines.

In some areas there are land stewardship issues that must be resolved before land can be offered. The land sales unit along with the land region staff must resolve trespass structures, access issues, and remove hazardous materials before some land can be offered.

Target #2: Provide Alaskans local governance and use of state land by transferring of 80,000 acres of state land to municipalities under the Municipal Entitlement Act.

Measure #2: Acres transferred (approved) to municipalities.

Acres transferred to municipalities

Year	YTD Total
2004	24,811
2005	27,306
2006	243,350

Analysis of results and challenges: In FY03, the legislature agreed to fund a comprehensive, public process to ensure that several boroughs with large remaining entitlements could get the land owed them by the state. The six boroughs targeted through this project were: Yakutat, Aleutians East, Lake and Peninsula, Northwest Arctic, Denali and North Slope. As a result, decisions to convey land to Yakutat, Aleutians East, Lake and Peninsula, Matanuska-Susitna, and North Slope Boroughs have occurred. Approximately 60,000 acres will be decisioned in FY07 with an additional 60,000 in FY08. Meeting the performance measures for FY07 and FY08 will require revisions to area plans and preparation of site specific plans.

The amount of land conveyed in any one year to municipalities under this program can vary greatly since the conveyance decisions are dependent upon revisions to area plans and since the length of time to complete conveyance decisions can vary greatly, depending on complexity and the results of the public review process.

Target #3: \$2.5 million is the target - our goal is to ensure that state land sales pay for program costs and generate a return to the state treasury.

Measure #3: Annual net revenue from state land sales.

Annual net revenue from state land sales

Year	YTD Total
2004	3.4 Million
2005	2.1 Million
2006	2.5 Million

Analysis of results and challenges: Total Receipts in FY06: \$6.3 million
Total Costs in FY06: \$3.8 million

The numbers of parcels sold are decreasing, but new parcels developed are of greater quality and net greater revenue. It is becoming more difficult to meet our original goal of offering 300 (new) parcels each year to sustain the revenue stream. This has become difficult due to the scarcity of good land along roadways, difficulty in meeting borough, federal, and DOT/PF requirements, and staff shortages. The goal of 300 parcels was met due to the over-the-counter (OTC) sales after the initial offerings, but the OTC inventory is getting lower.

The FY04 figure is substantially different because numerous reoffered parcels were offered and sold that year with much less preparation work than existing parcels.

A1: Strategy - Offer land for sale to the public through a variety of programs.

Target #1: Offer 1,700 parcels of land for sale over-the-counter.

Measure #1: Number of parcels for sale over-the-counter.

Year	YTD Total
2002	2,418
2003	3,200
2004	3,427
2005	2,783
2006	1,560

Analysis of results and challenges: The number of OTC parcels available for the year is the amount that is available on July 1, of each year. The number will gradually decrease until OTC parcels are a minimal portion of land sales. It is hoped that this loss of revenue will be made up with the higher quality auction parcels.

The target for FY07 has been reduced to reflect that the pool of OTC parcels is diminishing as parcels are sold. Less reoffered land is available for OTC sales.

Target #2: Offer 250 Remote Recreation Cabin Stakings.

Measure #2: Number of stakings offered.

Year	YTD Total
2002	295
2003	231
2004	266
2005	270
2006	285

Analysis of results and challenges: The entire number of Remote Rec Staking Authorizations offered each year is the amount offered in the July lottery, which in FY 2006 was the 285.

The Land Sales Unit has had a significant staff loss. In September of FY07, the staff has been reduced by half. Non-competitive salaries is a common reason for staff attrition. This combined with increased complexity of requirements from the boroughs, DOT/PF, and the Corps of Engineers, makes it unrealistic to meet the original goal of 250 parcels.

Target #3: Offer 300 parcels of land at auction.

Measure #3: Number of parcels offered for sale at auction.

Year	YTD Total
2002	40
2003	0
2004	139
2005	158
2006	209

Analysis of results and challenges: The target for FY05 was 100 and increased to 200 during FY06. The division met its FY06 target. 209 auction parcels were offered in the FY06 Auction #436. As is often the case, many more parcels were originally intended for this auction, but were dropped because of access issues, borough and DOT/PF requirements causing delays, trespass, hazardous materials and other obstacles that need to be addressed before sale. Not all auction parcels will be new subdivisions, but may include reoffers of previous sales on which better access, roads or utilities, hazmat cleanup or trespass removal has occurred.

The Land Sales Unit has had a significant staff loss. In September of FY07, the staff has been reduced by half. Non-competitive salaries is a common reason for staff attrition. This combined with increased complexity of requirements from the boroughs, DOT/PF, and the Corps of Engineers, makes it unrealistic to meet the original goal of 300 parcels in FY07.

Target #4: Process 20 Preference Rights Applications in FY07.

Measure #4: Number of Preference Right applications processed.

Year	YTD Total
2002	10
2003	12
2004	25
2005	26
2006	29

Analysis of results and challenges: Preference Rights applications have been coming in larger numbers over the past year or more. The Division expects to process 20 preference right applications in FY07. One additional position was added in FY06 to work on preference right applications; however, there are many very complex cases that will be under review in FY06, slowing down the volume of applications that will be processed. The high number of applications processed in FY06 was due to some lumping of processing where multiple applications in one subdivision were adjudicated at with one decision.

As with Subdivision Sales and Remote Recreation Cabin Site Offerings, the target will be reduced due to staff vacancies. Recruitments have been a challenge with non-competitive salaries.

A2: Strategy - Identify and classify land for future land sales, transfers to municipalities, and other resource development.

Target #1: Revise one land use plan to classify the appropriate use of state land, including settlement, other forms of development, and transfer to municipalities.

Measure #1: Number of plans completed or revised.

Of Land Use Plans

Year	YTD Total
2004	1
2005	2
2006	2

Analysis of results and challenges: In FY06, revisions to the Northwest Arctic Area Plan resulted in about 147,700 acres classified for settlement, and, in FY07, revisions to the Tanana Basin Area Plan are expected to result in over 30,000 acres being classified to public recreation or settlement. In FY08 planning efforts to revise the Northwest Area, Southwest Prince of Wales Island, and prepare a number of site specific plans in area of the North Slope Borough will result in at least 50,000 acres being classified for settlement or general development. The land affected by these revisions is intended to fulfill the municipal entitlements of the North Slope and Denali Boroughs. Often, there may be substantial annual differences in the acres classified for settlement, transfer, or other forms of development. This results from the timing of area plan adoption, which varies from year to year. The classification or reclassification of state lands, which results from the adoption of these plans, therefore also varies annually significantly, and is the reason for the large difference in acreage given for FY06 and FY07.

Target #2: Classify 50,000 acres of land for settlement (for future municipal entitlements or land sales) in FY08.

Measure #2: Acres classified through land use plans for settlement, agriculture, or to other land classifications that enable conveyances to municipalities, and other land disposals.

of acres classified for settlement and other disposals

Year	YTD Total	Target
2004	47,000	50,000
2005	742,500	500,000
2006	147,700	200,000

Analysis of results and challenges: In FY06 an amendment to the Northwest Area Plan classified 147,700 acres for settlement, to enable the conveyance of state land to the Northwest Arctic Borough. In FY07, about 30,000 acres are to be classified for public recreation through the revision to the Tanana Basin Area Plan, to enable its eventual transfer to the Denali Borough. In FY08 50,000 acres will be classified settlement, public recreation, or for general development in the Northwest Arctic and North Slope Boroughs. Often, there may be substantial differences in the acres classified for settlement, agriculture, and other land disposals. This results from the timing of area plan adoption, which varies from year to year. The classification or reclassification of state lands, which results from the adoption of these plans, therefore also varies annually significantly.

A3: Strategy - Sell state land at fair market value to generate revenue to pay for future land sale costs and generate return to the General Fund, including long-term return through land sale contracts.

Target #1: Collect an estimated \$5.8 million in annual revenue from various land sale programs in FY07.

Measure #1: Dollars received from land sales.

Year	YTD Total
2002	\$3.0 M
2003	\$4.6 M
2004	\$5.3 M
2005	\$5.2 M
2006	\$6.3 M

Analysis of results and challenges: The revenue has increased due to the increased over the counter sales along with more subdivision sales sold at auction. The OTC inventory is reducing in size as more parcels are sold, which should lead to a gradual reduction in number of sales for FY07. The revenues for FY07 should also be reduced due to the expected reduction in remote and subdivision sales. On the other hand, we are creating higher priced and more desirable parcels. The net result will probably mean that the revenue production is expected to decrease to \$5.0 million in FY07.

Target #2: Maintain 2,200 land sale contracts from past land sales.

Measure #2: Number of land sale contracts maintained.

Year	YTD Total
2002	1,398
2003	1,496
2004	1,878
2005	2,071
2006	2,096

Analysis of results and challenges: This number fluctuates slightly from quarter to quarter and represents the same base amount of contracts yearlong. In other words, some portion of the number of contracts maintained in the 4th quarter are also being maintained in each of the other quarters, so numbers would not add up to a total.

About 80% of all purchasers request a land sale contract. This means that revenue from prior sales is received over a period of years and multiple payments. When someone pays off the contract and receives a patent, the contract is closed and archived. Therefore there is some fluctuation in numbers of contracts administered.

A4: Strategy - Transfer state land to municipalities to encourage their growth and development, to generate revenue for municipalities, and for municipal land sale programs.

Target #1: Approve transfer of 60,000 acres to municipalities in FY07, and 60,000 acres in FY08.

Measure #1: Acres included in final decisions.

Year	YTD Total
2004	24,810
2005	27,306
2006	243,350

Analysis of results and challenges: In FY03, the legislature agreed to fund a comprehensive, public process to ensure that several boroughs with large remaining entitlements could get the land owed them by the state. The six boroughs targeted through this project were: Yakutat, Aleutians East, Lake and Peninsula, Northwest Arctic, Denali and North Slope. As a result decisions to convey land to Yakutat, Aleutians East, Lake and Peninsula, Matanuska-Susitna Borough and North Slope Boroughs have occurred. Approximately 60,000 acres will be decisioned in FY07 with an additional 60,000 acres decisioned in FY08. Meeting the performance measures for FY07 and FY08 will require revisions to area plans and preparation of site specific plans.

The amount of land conveyed in any one year to municipalities under this program can vary greatly since the conveyance decisions are dependent upon revisions to area plans and since the length of time to complete conveyance decisions can vary greatly, depending on complexity and the results of the public review process.

Component: Title Acquisition & Defense

Contribution to Department's Mission

To acquire, accept, convey, and defend title to land or an interest in land on behalf of the State of Alaska. This is a basic function of any state in the Union, but is particularly significant to Alaska as we received the largest land grant ever awarded to a state. Clear title is critical for Alaska's state land to support resource development, revenue generation, and to provide land for the settlement and the development of Alaska. Article VIII, Section 6 of the Constitution of Alaska sets forth the policy concerning natural resources, which reads: "State Public Domain...The legislature shall provide for the selection of lands granted to the State by the United States, and for the administration of the state public domain." The public expects that the state will acquire and defend its valuable assets of land and the associated resources the same as any prudent person would manage his or her own personal assets.

Core Services

This component funds five core services:

- 1) the acquisition of state land;
- 2) the transfer of land out of state ownership;
- 3) the defense of assertions against state ownership interests;
- 4) the production of title reports to facilitate resource development and land disposals; and
- 5) the creation and maintenance of hard copy and electronic records to document these actions.

These functions are performed by the Realty Services Section and the Public Access and Defense (PAAD) Unit of the DNR Division of Mining, Land and Water.

State land and its related resources such as timber, minerals and oil and gas form the economic base for the State of Alaska. At statehood, the U.S Congress granted Alaska up to 106.2 million acres of land under a variety of federal land entitlements. The state has yet to receive title to 15 million acres of this statehood entitlement and awaits survey by the federal government to over 60 million acres.

In addition to statehood entitlements the state acquires fee title or partial interests in other state lands by purchase, donation, escheat, condemnation and grants under special congressional legislation for public purposes such as public facilities, state parks and refuges. This also includes Exxon Valdez Oil Spill acquisitions. Acquisitions of less than fee title interest include surface easements, airspace easements, airport clear zone easements, leases, fish weir permits, conservation easements, equitable servitude, etc. These acquisitions are generally tracked under the Other State Land (OSL) and Limited State Holding (LSH) programs.

Additionally, under the equal footing doctrine, at Statehood Alaska received title to approximately 65 million acres of shorelands, tidelands, and submerged land, which includes land under inland waterbodies and marginal seas.

Defending state title against challenges is a fundamental responsibility of the state. Realty Services and Public Access staff reviews all federal decisions involving land transfers to the state and conveyances to ANCSA corporations to ensure that state and public interests are protected. With regard to ANCSA conveyances, BLM decisions are reviewed to ensure that access to public land or water and state title is not compromised by the decision. Staff adjudicates requests from the federal government to reconvey lands wrongfully conveyed to the state in order to fulfill individual Native Allotment claims. Staff also responds to litigation like the past Mental Health Trust Lands Settlement and the current School Trust litigation. And finally, staff provide technical support to the Attorney General's Office when needed to file appeals to federal decisions or to respond to ownership challenges to state owned uplands, submerged lands and tidelands.

End Results	Strategies to Achieve Results
A: Acquire, defend, and maintain clear title to the land promised at Statehood.	A1: Acquire Land Target #1: Each year, receive an additional 250,000 acres

Target #1: Each year, receive an additional 1,000,000 acres of the remaining entitlement of state land.

Measure #1: Acres of state land entitlement received.

Target #2: Obtain 5 new Recordable Disclaimers of Interest from BLM to clear the cloud of title on state owned submerged land.

Measure #2: Number of Recordable Disclaimers of Interest issued by BLM.

of the remaining entitlement of state land.

Measure #1: Acres of state land entitlement received.

Target #2: Acquire approximately 5,000 acres of land for public purposes, through purchases, donations, exchanges or other means authorized under statute under the Other State Lands and Limited State Holdings programs.

Measure #2: Total number of acres of land acquired for public purposes not part of original statehood entitlement.

A2: Ensure clear title to state land proposed for development by producing title reports for state land.

Target #1: Provide title reports for approximately 400 parcels or tracts of state land proposed for oil and gas leasing or exploration.

Measure #1: Number of title reports issued to support oil and gas leasing/exploration.

Target #2: Provide title reports for approximately 1,200 parcels of state land proposed for land sales, land lease, timber sales, and other development activities.

Measure #2: Number of parcels affected by title reports prepared.

A3: Facilitate the use and development of state land by preparing title documents (patents, deeds, etc.) to transfer title of state land to private individuals.

Target #1: Issue conveyance documents to all individuals (estimated 650) who have completed their purchase, municipalities once land is surveyed, and other parties.

Measure #1: Number of conveyance documents issued.

A4: Defend State's title to the land it owns, including land under tidal and navigable waters, and assert public's access rights.

Target #1: Review approximately 1,500 Native Allotment actions and 300 BLM ANCSA conveyance and ANCSA Section 17(b) access documents affecting state land and ensure that state land and public access issues are adequately dealt with.

Measure #1: Number of BLM decision documents reviewed.

Target #2: Issue navigability determinations for 100% of those requested for disposal and use authorization purposes.

Measure #2: Percentage of new navigability determination requests issued.

Target #3: Submit Recordable Disclaimers of Interest applications for 20 rivers and lakes combined to defend state title of the submerged land acquired at statehood.

Measure #3: Number of rivers and lakes for which DNR has applied for disclaimers.

A5: Maintain records of State Ownership.

Target #1: Protect all existing state land title documents and establish files for all new documents.

Measure #1: Number of files maintained.

Major Activities to Advance Strategies

- Review 400 BLM and other decisions regarding land transfers.
- Negotiate conditions included in title documents.
- Accept and record title documents for state.
- Review and accept 150 title documents for the OSL program.
- Prepare title reports for state oil and gas lease sales.
- Prepare title reports for state land sales and leases.
- Prepare title reports for state timber sales.
- Prepare title report for all other state land actions.
- Issue title documents for lands transferred out of state ownership (i.e. to municipalities and individuals)
- Review all Federal Native Allotment actions that may impact state land title or public use and access.
- Review all Federal land conveyance documents (primarily under ANCSA) to ensure that public access is reserved.
- Support litigation in defense of state's land title.
- Create, file, maintain and monitor use of files, all state land records (approx. 200,000 documents).

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,426,000

Personnel:

Full time 27

Part time 0

Total 27

Performance Measure Detail**A: Result - Acquire, defend, and maintain clear title to the land promised at Statehood.**

Target #1: Each year, receive an additional 1,000,000 acres of the remaining entitlement of state land.

Measure #1: Acres of state land entitlement received.

Number of acres received

Year	# Acres	Percent of Target
2002	252,451	101%
2003	473,625	189%
2004	102,695	41%
2005	29,009	12%
2006	1,489,618	148%

Analysis of results and challenges: FY06 Result: The effects of Public Law 108-452, the Alaska Land Transfer Acceleration Act (ALTAA), passed December 10, 2004, are reflected in acres conveyed to the state in FY06.

To date the state has acquired approximately 92.4 million acres of the 106 million acres to which it is entitled overall as a result of statehood and various other federal laws. This leaves an outstanding balance of approximately 13.6 million acres that the state has yet to receive. It is anticipated that acres conveyed in FY07 will meet or exceed the 1.5 million acres conveyed in FY06. 1.5 million acres a year represents approximately 10% of the states remaining unconveyed entitlement.

Target #2: Obtain 5 new Recordable Disclaimers of Interest from BLM to clear the cloud of title on state owned submerged land.

Measure #2: Number of Recordable Disclaimers of Interest issued by BLM.

Number of RDIs issued

Year	YTD Total	# Rivers Included	# Lakes Included
2004	1	5	0
2005	3	3	2
2006	5	9	7

Analysis of results and challenges: In 2004 the Bureau of Land Management created an administrative process for the state to file applications to receive Recordable Disclaimers of Interest in order to lift a cloud of title on the state-owned land under navigable waters. By receiving the disclaimers, where the federal government confirms that it has no ownership interest under the waterbodies, the state creates a specific written record of ownership when viewed with the Alaska Statehood Act, Submerged Lands Act, and the Equal Footing Doctrine.

During FY06, DNR increased the amount of applications filed and the rate of disclaimers issued by BLM rose from 3 last fiscal year to 5. As the fiscal year came to an end, the BLM and the State began developing a scope of work agreement to ensure appropriate historical and supporting information was captured and prepared before RDI application submissions. Once completed in FY 07, this agreement and others modeled on it, will improve the process for compiling information for water bodies and ultimately obtaining disclaimers. A temporary decline in RDI numbers is anticipated during the ramp up of getting the research envisioned by the scope of work implemented. However, once the research on the river basins is compiled, there should be a significant increase in applications and disclaimers issued.

The State will endeavor to have BLM issue at least 5 new Recordable Disclaimers of Interest during FY 07, while striving to encourage BLM to meet or exceed this year's level of output.

A1: Strategy - Acquire Land

Target #1: Each year, receive an additional 250,000 acres of the remaining entitlement of state land.

Measure #1: Acres of state land entitlement received.

Number of acres received

Year	# Acres acquired	Percent of Target
2002	252,451	101%
2003	473,625	189%
2004	102,695	41%
2005	29,009	12%
2006	1,489,618	596%

Analysis of results and challenges: FY06 Result: The effects of Public Law 108-452, the Alaska Land Transfer Acceleration Act (ALTAA), passed December 10, 2004, are reflected in acres conveyed to the state in FY06.

To date the state has acquired approximately 92.4 million acres of the 106 million acres to which it is entitled overall as a result of statehood and various other federal laws. This leaves an outstanding balance of approximately 13.6 million acres that the state has yet to receive. It is anticipated that acres conveyed in FY07 will meet or exceed the 1.5 million acres conveyed in FY06. 1.5 million acres a year represents approximately 10% of the states remaining unconveyed entitlement.

Target #2: Acquire approximately 5,000 acres of land for public purposes, through purchases, donations, exchanges or other means authorized under statute under the Other State Lands and Limited State Holdings programs.

Measure #2: Total number of acres of land acquired for public purposes not part of original statehood entitlement.

Year	YTD Total
2002	116,216
2003	262,890
2004	1,674
2005	8,185
2006	4,256

Analysis of results and challenges: OSL: 4,256 acres
LSH: 0 acre

The Department has the authority to acquire lands for public purposes where appropriate to further its mission, however, each package varies dramatically in the number of acres and staff time it will require to complete. A single package can result in the acquisition of 10,000 or more acres one year, or several packages processed with the same staff resources may result in significantly less than 5,000 acres. FY06 acres represent 31 separate transactions. The location and purpose intended for the lands are the primary criteria that drive how various acquisition opportunities are prioritized annually. The large numbers in FY02 & FY03 were due to Exxon Valdez Large Parcel Acquisitions.

A2: Strategy - Ensure clear title to state land proposed for development by producing title reports for state land.

Target #1: Provide title reports for approximately 400 parcels or tracts of state land proposed for oil and gas leasing or exploration.

Measure #1: Number of title reports issued to support oil and gas leasing/exploration.

Year	YTD Total
2002	384
2003	146
2004	565
2005	224
2006	372

Analysis of results and challenges: Oil and Gas Lease Sale title reports for several areas of the state were delivered in FY06. Title reports were delivered for 12 tracts - Copper River Basin Exploration License, 145 tracts - North Slope Areawide, 37 tracts - Alaska Peninsula Areawide, 62 tracts - Beaufort Sea Areawide, 45 tracts - North Slope Foothills, and 71 tracts - Cook Inlet Areawide.

Target #2: Provide title reports for approximately 1,200 parcels of state land proposed for land sales, land lease, timber sales, and other development activities.

Measure #2: Number of parcels affected by title reports prepared.

Year	YTD Total
2002	1,310
2003	556
2004	621
2005	648
2006	788

Analysis of results and challenges: Numbers reported for FY02 through FY05 reflect the number of title reports requested. It was necessary to change how this item was tracked beginning in FY06 because each title report can, and usually does, affect more than one parcel. In FY06, 761 reports were issued affecting 788 parcels.

A3: Strategy - Facilitate the use and development of state land by preparing title documents (patents, deeds, etc.) to transfer title of state land to private individuals.

Target #1: Issue conveyance documents to all individuals (estimated 650) who have completed their purchase, municipalities once land is surveyed, and other parties.

Measure #1: Number of conveyance documents issued.

Year	YTD Total
2002	287
2003	457
2004	585
2005	466
2006	449

Analysis of results and challenges: Staff vacancies in the Land Sales Unit have reduced the number of conveyance requests submitted to the Realty Services Section.

A4: Strategy - Defend State's title to the land it owns, including land under tidal and navigable waters, and assert public's access rights.

Target #1: Review approximately 1,500 Native Allotment actions and 300 BLM ANCSA conveyance and ANCSA Section 17(b) access documents affecting state land and ensure that state land and public access issues are adequately dealt with.

Measure #1: Number of BLM decision documents reviewed.

Year	YTD Total
2002	2959
2003	2270
2004	2155
2005	1371
2006	2086

Analysis of results and challenges: FY06 Results:
Native Allotment Decisions: 1,353, 90% of target
ANCSA Conveyance and 17(b) decisions: 733, 200% of target

Target #2: Issue navigability determinations for 100% of those requested for disposal and use authorization purposes.

Measure #2: Percentage of new navigability determination requests issued.

Percentage of Determinations Issued

Year	# Requests Received	# Issued	YTD Total
2004	15	7	46%
2005	20	10	50%
2006	28	21	75%

Analysis of results and challenges: During FY 06, DNR accelerated their response to requests for navigability determinations. As anticipated, the rate of requests did grow to a total of 28 requests during the fiscal year. However, staff attrition and recruiting challenges hobbled the Navigability Sub-Unit during the last year. The unit lost employees to higher paying jobs. Even with the loss of all staff, the total percent of determinations issued remained high at 75%. The Navigability Sub-Unit will continue to refine the navigability determination process in FY 07. These changes should not impact the group's ability to respond to requests. During FY 07 we anticipate the same level of DNR requests; however we anticipate an increase in requests from the private sector and agencies encountering conflicts with upland land owners. Also in FY07, the Navigability Sub-Unit also anticipates hiring GIS staff to initiate mapping of the navigable water bodies, during FY 07, even though retaining staff with GIS expertise has been a challenge. Staffing fluctuations if they occur, may impact the Sub-Unit's success rate.

Target #3: Submit Recordable Disclaimers of Interest applications for 20 rivers and lakes combined to defend state title of the submerged land acquired at statehood.

Measure #3: Number of rivers and lakes for which DNR has applied for disclaimers.

YTD RDI Applications Submitted

Year	# RDI Appl'n Submitted	# Rivers Included	# Lakes Included
2004	6	10	11
2005	7	6	2
2006	24	19	12

Analysis of results and challenges: The State continued to submit applications for Recordable Disclaimers of Interest through March of 2006, when ongoing staffing losses put a temporary stop to RDI work. During the next year the Navigability Sub-Unit will spend more time researching and reviewing BLM conveyance actions as they relate to navigable water bodies. This increase in non-RDI and navigability determination work, is critical in protecting the State's interest in navigable water bodies, but may have an impact on the rate of applications submitted. The State, working with BLM during FY 07, will develop a scope of work to ensure clear direction on what is needed for RDI applications. Through this scope of work, the State will likely sub-contract some of the historical research work, which may compensate for some of the added review requirements. The application target for FY07 has been reduced to 20. Research requirements for each application have increased and some basins following research are found not to meet BLM criteria for RDIs.

A5: Strategy - Maintain records of State Ownership.

Target #1: Protect all existing state land title documents and establish files for all new documents.

Measure #1: Number of files maintained.

Year	YTD Total
2002	199,083
2003	199,183
2004	199,500
2005	199,234
2006	199,257

Analysis of results and challenges: This does not cumulate by quarter so it will be reported yearly.

Activity for lands acquired drove the majority of the workload. This activity occurred within existing files.

Component: Water Development

Contribution to Department's Mission

To facilitate the development and stewardship of Alaska's water resources by authorizing its beneficial uses.

The work within the Water Development Budget Component is intended to accomplish three outcomes:

- I. Protect and Provide for Water Property Rights
- II. Provide Technical Hydrologic Support
- III. Ensure Safe Operation and Construction of Jurisdictional Dams

Core Services

The core services in this component are:

1. Water Management, which provides water rights and temporary water use authorizations to industry and individual Alaskans;
2. Hydrologic Survey, which provides scientific hydrologic data, data analysis, and maintains hydrologic data for use by state government and the public;
3. Dam Safety, which protects public safety and property through ensuring safe dams.

WATER MANAGEMENT

Water Right. A water right is a property right necessary to establish legal standing against future water users and those current water users who never applied for a water right. The WMU staff adjudicates water right applications to ensure that granting the water right will not impair the rights of other water right holders and that the water right is in the public interest (i.e., that it will not have a significant adverse effect on the environment). Adjudication includes public and agency notice of the application, hydrologic data analysis, resolving water use competition, and resolving conflicting permit terms and conditions.

The unit also asserts the state's interest and authority in water allocation issues raised by federal actions and for reservations of instream flow. Finally, staff manages more than 21,000 adjudicated water property rights, water use files and pending applications. In FY 2008, with current staffing the WMU will process 90% of new water right applications received, 24% of the backlog water right applications, 1% of the backlog instream flow applications, and 2% of the more than 2,500 backlog water right extensions, amendments, and revocations pending action. (See Key Component Challenges).

Temporary Water Use Authorization. A temporary water use authorization is required when a significant amount of water is needed for a short-term project such as highway construction or reconstruction, or oil and gas exploration. No right is granted under a temporary water use authorization.

HYDROLOGIC SURVEY

Alaska Hydrologic Survey (AHS) staff provides hydrologic data and data analysis to the public, industry, and agencies that can be used to determine appropriate use and allocation of the State water resource.

Provide up-to-date complete data on all known water wells within the State.

Ground water data on all known water wells within the state are contained within the web based **Well Log Tracking System (WELTS)** database. Currently, over 31,000 water well logs are available in the WELTS database. WELTS data are used by the public to assess and protect individual water supplies; by industry to secure adequate water supplies for economic development; and extensively by agencies in the allocation and adjudication of water rights. AHS works with and cooperates extensively with the water management staff to assist and ensure that the water resource is allocated using the best available data.

Provide data analysis/interpretation of hydrologic issues.

AHS hydrologists provide analysis of data and interpretation of hydrologic issues. Homeowners frequently seek assistance in the interpretation and analysis of hydrologic issues regarding their personal water sources, flooding, and erosion mitigation. Agencies mandated by Federal and State statute to allocate and protect the water resources of the State are dependent upon access to the data and require analysis of the data by professional hydrologists. Staff hydrologists collect data from one or more of the multiple databases maintained by AHS, through literature/data searches of all known sources, and through on-site field data collection and interpretation.

Provide hydrologic oversight and analysis to industry to enhance economic development:

Necessary to any industrial or economic development is the need for hydrologic data and analysis regarding the water resources. Water is a critical component for mining, oil and gas, fisheries, construction, and other industries. Industry relies on DNR's Hydrologic Survey staff to interpret and analyze hydrologic data during the design phase of development projects in order to assure adequate water; and during development and operation to assure the compliance with all stipulations placed on use of the water and adherence to water quality requirements. AHS hydrologists provide this service by: active participation on the states Large Mine Project Team which facilitate the permitting and development of large scale mining and other development projects; oversight of technical hydrologic concerns pertaining to expansion of the North Slope Oil industry and seasonal construction of critical ice-roads; monitoring of existing mining and oil industry facilities to ensure compliance with water quality regulations; and monitoring and assessment of gravel borrow sites needed to facilitate small to large scale development.

DAM SAFETY

The Dam Safety and Construction Unit is responsible for supervising the safety of dams in Alaska. The unit consists of one registered professional engineer who oversees the following actions:

Periodic Safety Inspections of Jurisdictional Dams. State laws require that dam safety inspections be conducted every three years for Class I and II dams, and every five years for Class III dams. These inspections are typically conducted by a private professional engineer and reviewed and approved by the State Dam Safety Engineer. Current inspections monitor the health of existing dams and reduce the possibility of failures.

Certificates of Approval to Construct, Repair, Modify, Remove, Abandon or Operate a Dam. Before work begins on a dam, it must be approved by the state to assure that the dam will be built and operated safely. The review time for the application submittals is approximately 6 months.

Safe and Effective Emergency Response to Dam Failures. Dam Safety regulations require dam owners to maintain Emergency Action Plans for all Class I and II dams. These plans must be updated and exercised regularly to prepare for a dam failure.

Other Dam Safety Related Work. The Unit also provides engineering assistance for technical review of related work in DNR (such as unregulated dams at mines and other private dam owners, and engineering problems associated with active and abandoned mining operations).

End Results	Strategies to Achieve Results
<p>A: Business and individuals obtain water authorizations for which they apply.</p> <p><u>Target #1:</u> Process 100% of new water right applications received.</p> <p><u>Measure #1:</u> Percentage of new water right applications processed compared with the number received.</p> <p><u>Target #2:</u> Process 100% of new temporary water use authorizations received.</p> <p><u>Measure #2:</u> Percentage of new temporary water use authorizations applications processed compared with the number received.</p>	<p>A1: Process water rights and temporary water use authorizations within expected timelines</p> <p><u>Target #1:</u> Process new water right applications within 6 months.</p> <p><u>Measure #1:</u> Median number of months to process new water rights.</p> <p><u>Target #2:</u> Process temporary water use applications within 3 weeks.</p> <p><u>Measure #2:</u> Median number of weeks to process new water use authorizations.</p> <p><u>Target #3:</u> Eliminate 10% to 15% of backlog of water right applications.</p> <p><u>Measure #3:</u> # of water rights processed from the backlog per year.</p>

End Results	Strategies to Achieve Results
<p>B: Provide hydrologic data to the public, industry, and agencies that can be used to determine appropriate use of state water resources.</p> <p><u>Target #1:</u> Provide information, analysis, and response to 1,000 hydrologic customer requests.</p> <p><u>Measure #1:</u> Number of customers served.</p>	<p>B1: Post hydrologic data on public well site and provide analysis of hydrologic issues.</p> <p><u>Target #1:</u> Post 100% of new well data received on the WELTS data base web site.</p> <p><u>Measure #1:</u> Percentage of well data posted on WELTS site.</p> <p><u>Target #2:</u> Respond to 100% of requests for analysis of hydrologic issues.</p> <p><u>Measure #2:</u> Percentage of requests responded to.</p> <p><u>Target #3:</u> Provide hydrologic support to 100% of major industrial projects where requested.</p> <p><u>Measure #3:</u> Percentage of industrial project support requests supported.</p>
End Results	Strategies to Achieve Results
<p>C: All dams under DNR jurisdiction are operated safely without failure.</p> <p><u>Target #1:</u> No jurisdictional dams fail.</p> <p><u>Measure #1:</u> Number of jurisdictional dam failures.</p>	<p>C1: Obtain compliance with regulations that were established to assure the safety of dams under state jurisdiction.</p> <p><u>Target #1:</u> A current periodic safety inspection on 60% of jurisdictional dams.</p> <p><u>Measure #1:</u> Percentage of jurisdictional dams with current inspections.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Process 250 new water right applications with a median cycle time of 6 months. • Issue 150 temporary water use authorizations with a median cycle time of 3 weeks. • Issue 6 new instream flow reservations. • Process 100 backlog water right applications. • Complete entry of a total estimated 1000 well logs received into the WELTS database. • Provide hydrologic data analysis and interpretation for an estimated 200 requests for assistance. • Provide hydrologic support to 8 major industrial projects such as Pt. Bullen, and North Slope ice road development. 	<ul style="list-style-type: none"> • Participate in the ACWA process. • Secure matching funds needed to support hydrologist positions. • Provide notice to owners of dams with due or over due periodic safety inspections. • Review & approve periodic safety inspection reports submit to the State and issue Cert. of Approval to Operate a Dam to owners in compliance w/regs. • Review applications and issue Certificates of Approval to construct, repair, modify, remove or abandon a dam. • Process 50 water right extensions, amendments, and revocations, or instream flow applications associated with new water right applications.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$1,857,300

Personnel:

Full time	16
Part time	0
Total	16

Performance Measure Detail

A: Result - Business and individuals obtain water authorizations for which they apply.

Target #1: Process 100% of new water right applications received.

Measure #1: Percentage of new water right applications processed compared with the number received.

Water Rights

Year	WR processed	YTD Total
2003	365	100%
2004	244	90%
2005	185	60%
2006	153	90%

Analysis of results and challenges: The target of processing 100% of new applications was not reached because the number of applications received exceeded the ability of the staff to process them.

Target #2: Process 100% of new temporary water use authorizations received.

Measure #2: Percentage of new temporary water use authorizations applications processed compared with the number received.

Percentage of new Temporary Water Use Auth. Processed

Year	TWUAs processed	YTD Total
2003	292	100%
2004	95	100%
2005	160	100%
2006	115	100%

Analysis of results and challenges: The target of processing 100% of new Temporary Water Use Applications was reached. These applications are the unit's highest priority and are processed within 3 weeks of receipt.

A1: Strategy - Process water rights and temporary water use authorizations within expected timelines

Target #1: Process new water right applications within 6 months.

Measure #1: Median number of months to process new water rights.

Median Cycle Time

Year	Months
2004	6
2005	6
2006	2

Analysis of results and challenges: During FY2006 90% of new applications received were adjudicated within 6 months.

Target #2: Process temporary water use applications within 3 weeks.

Measure #2: Median number of weeks to process new water use authorizations.

Median Cycle Times

Year	Weeks
2004	3
2005	3
2006	3

Analysis of results and challenges: In FY 2006 new applications were completed within 3 weeks of receipt. This allowed for the use of water by industry for project development and construction associated with oil and gas exploration, road construction, mining, and other temporary water uses.

Target #3: Eliminate 10% to 15% of backlog of water right applications.

Measure #3: # of water rights processed from the backlog per year.

Backlogged Water Rights

Year	# processed	YTD Total
2004	80	15%
2005	19	5%
2006	100	24%

Analysis of results and challenges: Currently the WMU has over 410 backlog water right applications pending adjudications. This unit is committed to adjudicating all new applications submitted in FY 2007 and 100 of the backlog applications. Some of the backlog applications are adjudicated because they are associated with new applications (in the same area or taking water from the same source). The other backlog applications will be adjudicated in the order they are received. The backlog is expected to increase in FY2007, and it is estimated to take up to 7 years to eliminate the current backlog of water right applications.

B: Result - Provide hydrologic data to the public, industry, and agencies that can be used to determine appropriate use of state water resources.

Target #1: Provide information, analysis, and response to 1,000 hydrologic customer requests.

Measure #1: Number of customers served.

Year	YTD Total
2004	2,038
2005	1,258
2006	1,200

Analysis of results and challenges: This represents customers served by specific hydrologic requests, industry support requests, field/site visits, and data review and analysis. This number may fluctuate annually depending on the nature of development occurring in Alaska that requires hydrologic assistance, climatic factors influencing the availability of surface and groundwater, and other factors. Throughout FY06 AHS operated with only 60% of full staffing.

In addition to the individual requests reported above, AHS recorded 14,975 WELTS (Well Log Tracking System) "hits" during FY06. Many of these on-line data requests would have been individual data requests without access to the web portal.

B1: Strategy - Post hydrologic data on public well site and provide analysis of hydrologic issues.

Target #1: Post 100% of new well data received on the WELTS data base web site.

Measure #1: Percentage of well data posted on WELTS site.

Percentage of Well Data Posted

Year	YTD Total
2003	100%
2004	100%
2005	80%
2006	100%

Analysis of results and challenges: Of 694 well logs received during FY06, all were added to the WELTS database, comprising 100% compliance with goals. This target was met due to allocation of staff to complete the project as outlined. Over 31,000 well logs are now included within the WELTS system.

Target #2: Respond to 100% of requests for analysis of hydrologic issues.

Measure #2: Percentage of requests responded to.

Percentage of Responses

Year	YTD Total
2003	100%
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: Domestic issues including flowing artesian wells in permafrost areas, illegal pumping and diversion of water onto private property, hydrologic support for water rights adjudications, and the protection of both the states water resources as well as individual water rights dominate this target. Legal issues pertaining to the Dibble Creek court case strained limited staffing. Other water rights issues also required field trips and detailed analysis because of the potential for legal action and also to minimize possible conflict between water users. Hydrologic analyses of instream flow issues to maximize the use of the water and protect needed habitat has become a more dominant issue as more applications are being processed.

Target #3: Provide hydrologic support to 100% of major industrial projects where requested.

Measure #3: Percentage of industrial project support requests supported.

Percentage of Requests Supported

Year	YTD Total
2003	100%
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: Major industrial involvement during FY 06 included work in the TeckComico's Red Dog Mine, Usibelli Coal Mine, Nova Gold's Rock Creek Mine and proposed projects such as Northern Dynasty's Pebble project and PacRim Coal's Chulitna Coal Project and various gravel operations around the state. Involvement has included data analysis and review for permitting and planning of these major projects through the State's Large Mine Project Team. Review of hydroelectric power generation hydrologic issues as part of the FERC process in Southeast Alaska was also done. Other issues related to permitting water use, both in Anchorage and Fairbanks, where analysis was required due to potential interaction between water users. Hydrologic review/advice in regard to water use on the north slope, where lakes and streams are a major resource controlling development and exploration but with very high habitat potential were addressed.

C: Result - All dams under DNR jurisdiction are operated safely without failure.

Target #1: No jurisdictional dams fail.

Measure #1: Number of jurisdictional dam failures.

Number of failures

Year	YTD Total
2003	0
2004	0
2005	0
2006	0

Analysis of results and challenges: Zero dam failures indicate that the objectives of the Alaska Dam Safety Program were met for the year. However, only certain dams in Alaska fall under the jurisdiction of ADNR regulations. Those dams are defined in AS 46.17.900(3). Although generally rare, the consequences of a dam failure can be dramatic. Dams generally fail through lack of proper design, construction, maintenance or operation, although natural disasters can contribute to the failure of the best designed and constructed dams. All jurisdictional dams must be regularly inspected and evaluated to determine if remediation to prevent a dam failure is required. However, many of the dams under state jurisdiction were constructed before the dam safety regulations were effective. Achieving full compliance for all of the jurisdictional dams requires cooperation from dam owners who may be constrained by budgets, schedules, incentive and other factors.

The division dam engineer worked on many dam projects throughout the state. Some of the large mining projects require a considerable amount of review because of the need for water impoundment. The division also actively worked with the Municipality of Anchorage to get them to address problems with the Fire Lake Dam to prevent failure.

C1: Strategy - Obtain compliance with regulations that were established to assure the safety of dams under state jurisdiction.

Target #1: A current periodic safety inspection on 60% of jurisdictional dams.

Measure #1: Percentage of jurisdictional dams with current inspections.

Percentage of inspections

Year	YTD Total
2003	51%
2004	49%
2005	55%
2006	54%

Analysis of results and challenges: In FY06, 11 dams were subjected to a periodic safety inspection, which results in 54% of the 82 dams under state jurisdiction with a current periodic safety inspection. The regulations require the dam owner to hire a qualified engineer to conduct this inspection and submit a report to the state. In addition, the regulations require the State Dam Safety Engineer to review and approve the inspection reports for these dams. Because the inspection may occur in one fiscal year, and the report may not be submitted, reviewed and approved until the following fiscal year, the measure is based on the date of the visual inspection of the dam.

All jurisdictional dams are subject to a periodic safety inspection, but not every dam is inspected each year. The inspection interval is dependent on the hazard potential classification of the dam. Class I (high) and Class II (significant) hazard potential dams are typically inspected every three years. Class III (low) hazard potential dams are to be inspected every five years. Hazard potential classification is based on an estimate of the probable consequences of the dam failure, regardless of the condition of the dam. In contrast, risk takes into account the condition of the dam and the probability of its failure, in addition to the hazard potential classification.

In any given year, a certain number of dams will be due for a new inspection while a certain number of dams will

be overdue for an inspection, mostly those that are habitually out of compliance. The percent of dams in compliance is a measure of the cooperation of dam owners with the Alaska Dam Safety Program. The Dam Safety and Construction Unit promotes cooperation with the Alaska Dam Safety Program, while balancing enforcement of the dam safety regulations based on the apparent risk that a specific dam represents. Compliance in any given year is contingent on a number of factors including the dam owner's incentive, budget and schedule, as well as weather, project understanding and staff workload.

Because of our reliance on voluntary compliance, we expect that we will only receive 60% compliance, though we try to gain more compliance.

Component: Forest Management and Development

Contribution to Department's Mission

This component supports jobs in timber and fishing, manages sustainable forests on state land, and provides technical forestry assistance to communities and private landowners.

Core Services

This component:

- Delivers forest resource management and forest practices services.
- Provides a sustained yield of forest resources and uses on legislatively designated State Forests and other forested state land.
- Sells timber to the private sector which creates jobs through local value-added processing, harvesting, transportation, and reforestation.
- Inspects harvest operations on state land for compliance with state laws and contracts. Involves the public and other agencies in forest management decisions on state land.
- Maintains and enhances wildlife habitat on forest lands to support personal and guided hunting, and provides sites for commercial tourism and private recreation.
- Administers the Forest Resources and Practices Act (FRPA) on state, municipal, trust, and private lands.
- Provides one-stop shopping for compliance with the federal Clean Water Act and coastal zone management requirements.
- Reviews Detailed Plans of Operation, works with operators during on-site inspections, trains operators and landowners, conducts implementation monitoring, and when necessary, enforces the FRPA's provisions.
- Provides forestry assistance to private landowners, Native corporations, and communities.
- Provides statewide leadership and policy direction, and administrative direction, to the division's wildland fire and forest management programs.

The Forest Resources and Practices Act (FRPA) and program are designed to provide for a healthy timber industry, protect fish habitat and water quality, and ensure prompt reforestation. The FRPA sustains the forest and fish resources that support jobs in the timber and commercial fishing industries. The FRPA program also improves efficiency for the forest industry by providing one-stop shopping for compliance with federal Clean Water Act and coastal zone management requirements. Staff review Detailed Plans of Operation, work with operators during on-site inspections, train operators and landowners, conduct implementation monitoring, and when necessary, take enforcement actions to ensure protection of water quality and fish habitat.

The federal cooperative forestry programs use funds from the US Forest Service and other grantors to provide forestry assistance to private landowners, Native corporations, and communities. DOF delivers these services through its community forestry, forest health, Firewise, conservation education, and forest stewardship staff. These funds provide specialized professional expertise and technical assistance for communities and landowners that are not available through state General Funds.

The Forest Management and Development component also houses the Director's Office for the Division of Forestry, its' four PCNs and operating funds.

The component shares costs of the division's field office managers (Area Foresters) with the Fire Suppression Preparedness component. These positions, responsible for directing field implementation of the division's forest management and wildland fire programs, are split-funded between these two components. Their PCNs and position classes are counted in the Forest Management and Development component.

End Results	Strategies to Achieve Results
A: Support the timber and fishing industries, manage sustainable forests on state land, and provide	A1: Provide jobs in Southern Southeast Alaska through sale of state timber.

technical forestry assistance to communities and private landowners.

Target #1: 30+ Alaskan businesses supported by State timber.

Measure #1: Number of Alaskan businesses directly supported through state timber sales (# of purchasers of state sales)

Target #2: Annual Certification

Measure #2: Certification of the Forest Resources & Practices Act program as the clean water and coastal zone standards for forest operations. This protects fish habitat and water quality in a manner that is efficient for the timber industry.

Target #3: Provide forest management services, information, and grants to Alaskan municipalities, private businesses, Native corporations and other private landowners, and educators to expand the public benefits from municipal and private forest land.

Measure #3: Entities provided with forestry services through Community Forestry, Conservation Education, Forest Stewardship, and Forest Health programs.

Target #1: In Southern Southeast Alaska, sell the maximum amount of state timber available on a sustained yield basis (average = 12.8 MMBF/year).

Measure #1: Amount of state timber purchased/year in SSE Alaska.

A2: Support the timber industry in Northern Southeast, Southcentral, and Interior Alaska through sale of state timber.

Target #1: Outside southern southeast, sell timber to the limit of market demand by ensuring that sale offerings exceed demand.

Measure #1: Volume (MMBF) of timber purchased relative to the volume offered for sale.

Target #2: Increase demand for state timber for in-state processing in Interior Alaska

Measure #2: Volume of state timber purchased in interior Alaska relative to prior years.

A3: Ensure that private and non-federal public forest landowners comply with the FRPA best management practices.

Target #1: 100% compliance with FRPA best management practices

Measure #1: Percent compliance with BMPs as measured by routine compliance score sheets and periodic compliance audits.

A4: Ensure that the FRPA effectively and efficiently protects fish habitat and water quality.

Target #1: Ensure that the FRPA is based on best available scientific information.

Measure #1: Complete review and update of FRPA best management practices.

Target #2: In cooperation with timber industry and resource agencies, conduct high priority FRPA effectiveness monitoring studies.

Measure #2: Publication of credible research and monitoring to assess the effectiveness of the FRPA.

A5: Enable municipalities to assess their forest resources and manage their forest lands for sustainable resources.

Target #1: Through technical assistance to communities, foster establishment of self-sustaining urban/community forestry programs recognized as Tree City USA programs (7 for FY06).

Measure #1: Number of active urban/community forestry programs approved by Tree City USA

A6: Help private landowners manage their forestlands for sustainable resources by providing

	<p>planning services and cost-share funding.</p> <p><u>Target #1:</u> Provide forest planning assistance to private landowners.</p> <p><u>Measure #1:</u> Number of forest management plans prepared for ANCSA corporations and for individual forest owners; and number of grants for wildfire risk reduction.</p> <p>A7: Provide timely information on forest insect and disease problems to maximize opportunities for treatment of forest pests on public and private land.</p> <p><u>Target #1:</u> Post and publish an annual report on forest insect and disease conditions in Alaska.</p> <p><u>Measure #1:</u> Publication of insect and disease conditions report.</p> <p>A8: Develop a public that is well-informed about forest resources and management.</p> <p><u>Target #1:</u> Provide forestry education to educators, students, private landowners, public land managers, and others.</p> <p><u>Measure #1:</u> Number of people who attend DOF sponsored forestry, fire, and conservation education classes or training.</p> <p>A9: Deliver FRPA services timely.</p> <p><u>Target #1:</u> 100% of Detailed Plans of Operation reviewed timely</p> <p><u>Measure #1:</u> Percent of DPOs reviewed within deadlines set by FRPA.</p>
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Major Activities to Advance Strategies

- Develop Requests for Proposals (RFPs) for sale layout by private contractors. Score proposals, award contracts, and inspect completed layout.
- Prepare timber sales -- including layout, Forest Land Use Plans, Five-Year Schedules of Timber Sales, and ads -- in Southern Southeast Alaska.
- Conduct timber sale auctions, negotiated timber sales, RFPs, and contracts in Southern Southeast.
- Use available funding to remove barriers to value-added timber sales, including development and maintenance of roads and bridges.
- Assess opportunities to provide wood to new businesses within the limits of available supply while accounting for the demand from existing businesses.
- Conduct thinning in dense forest stands on productive forest land to maximize volume available from state land in SE Alaska.
- Prepare timber sales, layout, and ads for sales in Northern Southeast, Southcentral, and Interior Alaska.
- Conduct timber sale auctions, negotiated timber sales, and contracts in Northern Southeast, Southcentral, and Interior Alaska.
- Participate in industry/interagency technical review of effectiveness monitoring projects.
- Distribute Detailed Plans of Operation (DPOs) and coordinate timely interagency review.
- Respond to operators and landowners on DPOs.
- Work with communities to establish municipal forestry programs.
- Foster Tree City USA and Tree Line USA Communities.
- Train Tree Stewards for volunteer work on municipal trees.
- Provide technical assistance to local governments, private industry, and agencies.
- Develop forest stewardship plans for individual private forest owners.
- Pass through federal grants to develop forest stewardship plans for ANCSA corporations.
- Provide federal cost-share funding for forest land management activities on private land.
- Provide technical assistance to forest landowners for detection and treatment of forest pests.
- Conduct annual aerial survey of forest insect and

Major Activities to Advance Strategies

- Conduct state timber sale inspections and contract administration statewide.
- Disseminate a prospectus describing available state timber in Interior Alaska, and assist interested purchasers in evaluating feasibility.
- Provide additional timber sales to meet increased demand in Interior Alaska.
- Conduct field inspections of forestry operations on state, private, municipal, and Trust land.
- Prepare compliance score sheets on forestry operations.
- Conduct periodic audits of forestry operations.
- Complete audit of closed operations in SE Alaska.
- Review regeneration reports and field verification of private land regeneration surveys.
- Review reforestation exemption requests.
- Conduct regeneration surveys on state land.
- Adopt regulations to implement changes to the Forest Resources & Practices Act.
- Coordinate interagency prioritization of Forest Resources & Practices Act (FRPA) effectiveness monitoring information needs.
- Identify potential funding sources and seek funding for effectiveness monitoring.
- disease conditions.
- Publish GIS and printed maps and reports on insect and disease conditions.
- Conduct special research and assessment projects on specific insect and disease problems.
- Identify introductions of exotic pests that could affect Alaskan forests and wood products.
- Train teachers in Fire in Alaska curriculum.
- Train teachers in Project Learning Tree curriculum.
- Conduct classes on forestry for schools, scout troops, civic groups, etc.
- Form education partnerships with other agencies.
- Encourage service learning opportunities through state and national Project Learning Tree.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$6,150,900

Personnel:

Full time	44
Part time	5
Total	49

Performance Measure Detail

A: Result - Support the timber and fishing industries, manage sustainable forests on state land, and provide technical forestry assistance to communities and private landowners.

Target #1: 30+ Alaskan businesses supported by State timber.

Measure #1: Number of Alaskan businesses directly supported through state timber sales (# of purchasers of state sales)

Number of Alaskan businesses directly supported through state timber sales (# of different purchasers of state sales) by fiscal year.

Fiscal Year	YTD Total
FY 2001	44
FY 2002	42
FY 2003	42
FY 2004	34
FY 2005	40
FY 2006	34

Analysis of results and challenges: The number of businesses that purchase state timber sales is a measure of the effect of the timber sale program on the local economy. Purchases reflect a number of factors, including the number of sales available and market demand. The number of purchasers in FY06 decreased some from FY05 primarily because of fewer purchasers for state sales in SSE Alaska.

Target #2: Annual Certification

Measure #2: Certification of the Forest Resources & Practices Act program as the clean water and coastal zone standards for forest operations. This protects fish habitat and water quality in a manner that is efficient for the timber industry.

Certification of the Alaska FRPA as the means of ensuring compliance with federal Clean Water Act (CWA) and ACMP standards for forestry operations.

Year	YTD Total
2001	YES
2002	YES
2003	YES
2004	YES
2005	YES
2006	YES

Analysis of results and challenges: The FRPA continues to be certified as the means of complying with Section 319 (non-point source pollution) and coastal zone standards. This means that the timber industry has one consistent set of standards for compliance with both state and federal law for water quality and coastal zone management. This "one-stop shopping" has been very important to the timber industry in keeping regulatory compliance efficient. It also confirms that Alaska's state forest practices standards meet the federal tests for protecting these public resources. NOAA had raised concerns about the riparian standards for private land in Region II (Southcentral Alaska) with respect to coastal non-point source pollution. These were addressed in 2006 through updates to the FRPA Region II riparian standards recommended by the Board of Forestry and user groups.

Target #3: Provide forest management services, information, and grants to Alaskan municipalities, private businesses, Native corporations and other private landowners, and educators to expand the public benefits from municipal and private forest land.

Measure #3: Entities provided with forestry services through Community Forestry, Conservation Education, Forest Stewardship, and Forest Health programs.

Entities provided with forestry services through the DOF cooperative forestry programs.

Fiscal Year	Muni, city, & military	Private & Native Corp	School Dist & University	Agency & Nonprofit
FY 2005	16	47	13	22
FY 2006	22	72	17	63

Analysis of results and challenges: The federally-funded cooperative forestry programs in the Division of Forestry provide technical assistance to a wide variety of private and public entities. Well-managed private, Native, and municipal lands provide public benefits as well as value to the landowners. These lands are often the closest forests to population centers in both rural and urban Alaska. Through active management, owners reap financial benefit from wood and non-timber forest products, while protecting residential watersheds, reducing risks from wildland fire, providing wildlife habitat, and where appropriate, supporting public recreation.

The list of entities that received assistance through cooperative forestry programs is too long to include in detail. It covers a broad list of institutions, including:

- 1 municipality, 2 combined city/boroughs, 3 boroughs, 6 cities, 6 unincorporated communities,
- 4 military bases,
- 5 regional Native corporations, 30 Native village corporations,
- 3 utilities,
- 17 plant nurseries and garden centers, 5 landscape architecture firms, 1 sawmill, and 4 other businesses
- 5 media outlets,
- 12 state agencies, 9 federal agencies, 4 soil & water conservation districts, 9 fire departments, 2 local emergency planning commissions, and 24 non-profit groups
- 10 Alaska school districts, 5 universities, and the Alaska Cooperative Extension Service
- Many individuals.

A1: Strategy - Provide jobs in Southern Southeast Alaska through sale of state timber.

Target #1: In Southern Southeast Alaska, sell the maximum amount of state timber available on a sustained yield basis (average = 12.8 MMBF/year).

Measure #1: Amount of state timber purchased/year in SSE Alaska.

Amount of state timber purchased/year in SSE Alaska.

Fiscal Year	YTD Total
FY 2001	0.6 MMBF
FY 2002	10.7 MMBF
FY 2003	3.7 MMBF
FY 2004	7.4 MMBF
FY 2005	14.4 MMBF
FY 2006	10.1 MMBF

Analysis of results and challenges: State timber sales for SSE in FY 06 remained high. In addition to the 10.1 million board feet listed in the chart above, 12 MMBF was offered through an RFP and a purchaser was selected. The contract for this timber will be signed in FY07.

A2: Strategy - Support the timber industry in Northern Southeast, Southcentral, and Interior Alaska through sale of state timber.

Target #1: Outside southern southeast, sell timber to the limit of market demand by ensuring that sale offerings exceed demand.

Measure #1: Volume (MMBF) of timber purchased relative to the volume offered for sale.

Volume of timber (MMBF) offered and purchased in areas of the state outside southern SE by fiscal year.

Fiscal Year	MMBF Offered	MMBF Purchased
FY 2001	31.9	8.3
FY 2002	27.5	6.2
FY 2003	33.2	15.0
FY 2004	35.0	4.4
FY 2005	63.4	10.1
FY 2006	73.8	14.9

Analysis of results and challenges: Outside SSE Alaska, timber sales are primarily limited by demand. Our goal is to offer enough timber volume to meet or exceed local demand, and to support an increase in that demand over time (see measure 2 below). Timber sales increased in FY06, reflecting increased sales in the Fairbanks and Delta areas.

Timber sale offerings were up due to reoffers of a large volume of salvage timber, and the volume available exceeds current demand. Much of the excess volume is beetle-killed salvage timber from the Northern SE, Kenai, and Copper River areas. One large green timber sale in the Mat-Su area had no bidders. The Division will continue to reoffer this timber as long as there is some economic potential for the wood. Future offerings of beetle-killed salvage timber are likely to decrease sharply because the wood is decaying rapidly, but offerings of salvage timber in areas burned by the 2004-2005 fires will increase.

Target #2: Increase demand for state timber for in-state processing in Interior Alaska

Measure #2: Volume of state timber purchased in interior Alaska relative to prior years.

Ratio of the volume of state timber purchased in the interior Alaska (Fairbanks, Delta, and Tok areas) in successive years (i.e., ratio of FY06 sales to FY05 sales, FY05 to FY04, etc.).

Fiscal Year	YTD Total
FY 2001	0.91
FY 2002	0.66
FY 2003	0.97
FY 2004	0.65
FY 2005	2.31
FY 2006	2.16

Numbers greater than 1.0 indicate an increase in sales. A figure of 2.0 indicates that sales have doubled relative to the prior year.

Analysis of results and challenges: Outside SSE Alaska, timber sales are primarily limited by demand. The Division's goal is to offer enough timber volume to meet or exceed existing demand, and to support an increase in that demand over time (see measure 1 above). Sale volume in interior Alaska doubled again in FY06. Sales were up in both Fairbanks and Delta. Delta sales included purchases of salvage timber within areas burned in the 2004 fires. Additional salvage timber will be offered in FY07.

A3: Strategy - Ensure that private and non-federal public forest landowners comply with the FRPA best management practices.

Target #1: 100% compliance with FRPA best management practices

Measure #1: Percent compliance with BMPs as measured by routine compliance score sheets and periodic compliance audits.

Percent compliance with BMPs as measured by routine compliance score sheets and periodic compliance audits.

Year		Region I		Region II		Statewide
0	% Compliance	Average Score	% Compliance	Average score	% Compliance	Average Score
2001	n/a	n/a	n/a	n/a	n/a	n/a
2002	n/a	n/a	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a	n/a	n/a
2004	93%	4.6	70%	4.2	n/a	n/a
2005	95%	4.7	80%	4.3	n/a	n/a

Analysis of results and challenges: FRPA compliance is measured through routine monitoring with score sheets. Implementation of best management practices is rated on a scale of 1 to 5. For this analysis, scores of 4 and 5 are considered compliant. Data are compiled by calendar year – the most recent data is for 2005. Annual data is not shown for Region III because of the inaccuracy inherent in the small sample size in this region. Sample size reflects the relatively small extent of harvesting in Region III (less than 10% of the statewide acreage harvested is in Region III), particularly on private land.

Average scores for Region I increased slightly in 2005, and the overall percentage of compliant scores increased considerably in Region II. Region II scores were lower than those for Region I, due to the adverse impacts of a few problem operations on the overall ratings. The Division of Forestry is targeting training to improve compliance in Region II and increase sample size in Region III.

A4: Strategy - Ensure that the FRPA effectively and efficiently protects fish habitat and water quality.

Target #1: Ensure that the FRPA is based on best available scientific information.

Measure #1: Complete review and update of FRPA best management practices.

Analysis of results and challenges: Chart not applicable. A scientific and technical review of the FRPA in Region II was completed in FY04, and recommendations for changes were completed and reviewed with the Board of Forestry and affected interests in FY05. The Region II review completes a statewide scientific and technical review of the FRPA riparian standards that was started in 1996. Recommendations from the review were incorporated into the FRPA in a bill signed in 2006.

Target #2: In cooperation with timber industry and resource agencies, conduct high priority FRPA effectiveness monitoring studies.

Measure #2: Publication of credible research and monitoring to assess the effectiveness of the FRPA.

Analysis of results and challenges: Chart not applicable. In FY06, Sealaska published reports on studies of Fish Habitat Status and Trends in SE Alaska forest operations. The Division of Forestry, Office of Habitat Management & Permitting, and ADF&G cooperated on road condition surveys on private and state forest operations in SE Alaska, and on water quality monitoring in a Mat-Su timber sale area. DNR also organized the annual interagency process to determine FRPA research and monitoring priorities, and supported grant applications to accomplish the top priority work. The road condition surveys, Fish Habitat Status and Trends study, and Mat-Su water quality monitoring will continue in FY07.

A5: Strategy - Enable municipalities to assess their forest resources and manage their forest lands for sustainable resources.

Target #1: Through technical assistance to communities, foster establishment of self-sustaining urban/community forestry programs recognized as Tree City USA programs (7 for FY06).

Measure #1: Number of active urban/community forestry programs approved by Tree City USA

Number of urban/community forestry programs recognized as Tree City USA programs by fiscal year.

Fiscal Year	YTD Total
FY 2001	4
FY 2002	4
FY 2003	4
FY 2004	7
FY 2005	6
FY 2006	6

Analysis of results and challenges: Six communities have active programs that are recognized through the Tree City USA program: They include Wasilla, Sitka, Juneau, Fort Wainwright, Elmendorf AFB, and Eielson AFB. Homer and the Fairbanks North Star Borough are developing programs.

A6: Strategy - Help private landowners manage their forestlands for sustainable resources by providing planning services and cost-share funding.

Target #1: Provide forest planning assistance to private landowners.

Measure #1: Number of forest management plans prepared for ANCSA corporations and for individual forest owners; and number of grants for wildfire risk reduction.

Number of plans and grants for forest management on private land.

Fiscal Year	ANCSA Corporation Plans	Forest Landowner Plans	Cost-Share Grants
FY 2001	1	45	0
FY 2002	0	29	0
FY 2003	2	28	28
FY 2004	3	58	83
FY 2005	3	58	79
FY 2006	0	60	127

Analysis of results and challenges: Most private forest lands are owned by Alaska Native Corporations, and planning assistance for Alaska Native Corporations has been a priority under the Forest Stewardship Program. No new ANCSA corporation plans were completed in FY06, but ten are in preparation. Requests for private forest landowner assistance fluctuate with the amount of federal cost-share funding available to implement practices recommended by the plans. Both federal Forest Land Enhancement Program (FLEP) and Western States Wildland Urban Interface (WUI) funding was available for cost-share projects in FY06 and resulted in a jump in grants for on-the-ground forest management and wildfire risk reduction projects.

A7: Strategy - Provide timely information on forest insect and disease problems to maximize opportunities for treatment of forest pests on public and private land.

Target #1: Post and publish an annual report on forest insect and disease conditions in Alaska.

Measure #1: Publication of insect and disease conditions report.

Analysis of results and challenges: Chart not applicable. One report is published and posted annually; information is also disseminated through various technical assistance projects. The Division continues to develop new techniques to accelerate dissemination of annual survey results.

A8: Strategy - Develop a public that is well-informed about forest resources and management.

Target #1: Provide forestry education to educators, students, private landowners, public land managers, and others.

Measure #1: Number of people who attend DOF sponsored forestry, fire, and conservation education classes or training.

Number of educators, students, private landowners, public land managers, and others who attend DOF sponsored forestry, fire, and conservation education classes or training by fiscal year.

Fiscal Year	YTD Total
FY 2001	n/a
FY 2002	1,040
FY 2003	1,735
FY 2004	1,317
FY 2005	1,366
FY 2006	1,132

Note: Data is still being compiled for some programs. This measure includes Project Learning Tree, Fire in Alaska, Community Tree Stewards, and other Community Forestry and Conservation Education training.

Analysis of results and challenges: The coop programs maintained a high level of outreach in FY06 despite a key vacancy in the Community Forestry program for most of the year. In addition to its traditional roles, the conservation education program is an important part of efforts to reduce risks from wildfire in the wildland-urban interface. Contact numbers should increase when the staff is again at full strength.

A9: Strategy - Deliver FRPA services timely.

Target #1: 100% of Detailed Plans of Operation reviewed timely

Measure #1: Percent of DPOs reviewed within deadlines set by FRPA.

Percent of DPOs reviewed within deadlines set by FRPA.

Year	% DPOs Reviewed Timely
2001	100%
2002	100%
2003	100%
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: The FRPA has tight timelines for review of Detailed Plans of Operation (DPOs) submitted by landowners and operators. DOFs practice is to review all DPOs within these timelines.

Component: Geological Development

Contribution to Department's Mission

This component contributes to the Department's mission to develop, conserve, and enhance Alaska's natural resources by collecting, archiving, and distributing the geological information that will catalyze private-sector energy- and mineral-resource exploration and support wise land-use decisions. The mission of the Division of Geological & Geophysical Surveys is clearly defined in statute: "...determine the potential of Alaskan land for production of metals, minerals, fuel, and geothermal resources; the location and supplies of groundwater and construction materials; the potential geologic hazards to buildings, roads, bridges, and other installations and structures..." (AS 41.08)

Core Services

- Functions as the state's lead source and repository of Alaska geologic information and the primary source of information concerning Alaska's energy resources, mineral resources, and geologic hazards.
- Provides the geologic information needed for economic diversification, revenue generation, hazards mitigation, infrastructure development, and resource management in the state of Alaska.
- Plays a strategic role in the generation and maintenance of Alaska's economy through development of its geologic resources, and in the public safety of its citizens with respect to mitigating the risks from natural geologic hazards.
- Stimulates the discovery of minerals, coal, oil, gas, geothermal energy, construction-quality sand and gravel, and water by providing geologic-framework data on which to base industry resource-exploration programs
- Provides geologic data and assessments used by DNR management divisions (Mining, Land & Water; Oil & Gas; Parks & Outdoor Recreation; Agriculture; and Forestry), state departments (e.g., Commerce, Community and Economic Development; Transportation & Public Facilities; Military and Veterans Affairs), and municipalities. Geologic information provided to users outside DNR has been used to catalyze private sector exploration investment, plan natural-hazard mitigation and disaster preparedness in cities and villages, select transportation-corridor lands for Alaska, and to better design roads and other infrastructure.
- Maintains the Geologic Materials Center, Alaska's archive of representative geologic materials from across the state. The collection, representing many millions of dollars in acquisition cost, includes oil- and gas-related samples, mineral-related and coal samples collected by DGGs and donated by industry and numerous Federal agencies. The samples provide the reference collection of materials used by the petroleum and mineral industry to guide new exploration ventures.
- Works collaboratively with the other Divisions in DNR and with Alaska-based federal agencies to make all public sector geologic resource data accessible via the Internet.
- Administers the Alaska Seismic Hazards Safety Commission and publishes its recommendations for improving state and local policies to reduce human casualties and economic losses from earthquakes and tsunamis

End Results	Strategies to Achieve Results
<p>A: Hard-copy and digital geologic reports and maps for use in exploring for and managing energy and mineral resources and for mitigating geologic hazards</p> <p><u>Target #1:</u> FY07 Target: 700 requests filled for hard-copy geologic publications.</p> <p><u>Measure #1:</u> Number of requested geologic publications delivered during the fiscal year.</p>	<p>A1: Produce timely and reliable new energy-related geologic information in areas of poor geologic understanding and high energy resource potential, for both resource development and rural energy consumption</p> <p><u>Target #1:</u> FY07 Target: Five reports on energy-related geology of state-interest lands</p> <p><u>Measure #1:</u> Number of new peer-reviewed geologic reports published during the fiscal year that assist the energy industry and state management agencies in developing conventional energy resources on state-interest lands.</p> <p><u>Target #2:</u> FY07 Target: One report on unconventional</p>

	<p>gas resource potential of state-interest lands</p> <p><u>Measure #2:</u> Number of new peer-reviewed reports or datasets released during the fiscal year that provide geologic information on unconventional gas resources.</p> <p><u>Target #3:</u> FY07 Target: Six presentations on energy-resource geology</p> <p><u>Measure #3:</u> Number of technical presentations made to industry, public, and government sectors during the fiscal year on energy-resource evaluations.</p> <p><u>Target #4:</u> FY07 Target: 525 square miles of published, energy-related geologic mapping</p> <p><u>Measure #4:</u> Number of square miles of new, peer-reviewed, energy-related bedrock geologic mapping published during the fiscal year.</p> <p>A2: Produce timely and reliable new minerals-related geological and geophysical information in areas of limited information and high minerals resource potential</p> <p><u>Target #1:</u> FY07 Target: 240 square miles of published, minerals-related bedrock geologic mapping</p> <p><u>Measure #1:</u> Number of square miles of new, peer-reviewed, minerals-related bedrock geologic maps published during the fiscal year.</p> <p><u>Target #2:</u> FY07 Target: 750 square miles of published minerals-related airborne geophysical maps</p> <p><u>Measure #2:</u> Number of square miles of completed new airborne geophysical maps of minerals-interest lands published during the fiscal year.</p> <p><u>Target #3:</u> FY07 Target: 240 square miles of published, placer-mineral related geologic mapping</p> <p><u>Measure #3:</u> Number of square miles of new surficial geologic maps published during the fiscal year that provide geologic information on placer-mineral potential and/or construction-materials resources.</p> <p><u>Target #4:</u> FY07 Target: Three datasets of minerals-related geologic information made available online</p> <p><u>Measure #4:</u> Number of legacy or private-sector datasets released during the fiscal year that provide minerals-related geologic information.</p> <p><u>Target #5:</u> FY07 Target: Two reports on the Alaska minerals industry</p> <p><u>Measure #5:</u> Number of reports published during the fiscal year providing statistical information on Alaskan mineral industry.</p> <p><u>Target #6:</u> FY07 Targets: Four presentations on Alaska mineral-resource potential</p> <p><u>Measure #6:</u> Number of technical presentations made to industry, public, and government sectors during the fiscal year on mineral-resource potential and the status of the Alaskan mineral industry.</p>
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End Results	Strategies to Achieve Results
<p>B: Timely online delivery of geological and geophysical information to support resource development, attract new industry and provide pre-disaster hazard mitigation for continued economic growth</p> <p><u>Target #1:</u> FY07 : 2 million visits (user sessions) <u>Measure #1:</u> Number of users requesting information and data from the DGGS and AVO Web sites.</p>	<p>B1: Produce reliable new information on geologic hazards in areas at risk of economic losses and casualties from disasters</p> <p><u>Target #1:</u> FY07 Target: One report on geologic hazards <u>Measure #1:</u> Number of peer-reviewed reports or maps published during the fiscal year that provide improved assessment of geologic hazards that pose significant risks to public safety.</p>
End Results	Strategies to Achieve Results
<p>C: Timely responses to all public & agency requests for information and assistance on energy resources, mineral resources, geologic hazards, and engineering geology</p> <p><u>Target #1:</u> FY07 Target: 100 percent response to requests for geologic information or assistance by date requested <u>Measure #1:</u> Percentage of timely responses during the fiscal year relative to the total number of requests.</p>	<p>C1: Provide improved public outreach and education regarding the geology of Alaska</p> <p><u>Target #1:</u> FY07 Target: Ten public presentations on the geology of Alaska <u>Measure #1:</u> : Number of events during the fiscal year that involve preparing and manning public displays, speaking at or teaching classes, and delivering presentations about the geology of Alaska.</p>
End Results	Strategies to Achieve Results
<p>D: Improved public access to nonproprietary rock samples and to the corresponding processed samples in support of private-sector resource exploration and geological education</p> <p><u>Target #1:</u> FY07 Target: 100 percent satisfied users of the Geologic Materials Center <u>Measure #1:</u> Percentage of satisfied users of the Geologic Materials Center sample archives based on written evaluations.</p>	<p>D1: Provide increased availability of processed samples at the Geologic Materials Center</p> <p><u>Target #1:</u> FY07 Target: 3,000 new processed samples <u>Measure #1:</u> Increase in total GMC processed collection (microfossil/petrographic slides, data reports), which increases available exploration data to industry, academia, and government agencies.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Conduct field-geologic and laboratory studies needed to develop geologic maps and reports on the geology of Alaska • Develop energy basin geologic reports including reservoir and source rock characterization, paleontological, and structural cross sections • Publish minerals-related geologic reports, occurrence maps, geochemical data, geochronologic reports, structural cross sections, and databases • Deliver presentations at public and industry forums to disseminate new information and improve understanding of energy related geology • Respond to public & agency requests for information on energy resources, mineral resources, and geologic hazards • Conduct and publish airborne geophysical surveys • Publish annual Mineral Industry Summary Reports 	<ul style="list-style-type: none"> • Deliver presentations at public and industry forums to disseminate new information on mineral and economic related geology • Publish maps and reports on placer-mineral and construction-materials resources • Publish maps and reports on the hazards associated with volcanoes, tsunamis, landslides, and other hazards • Deliver presentations to improve public understanding of geologic hazards • Design and maintain a Web site to provide online access to Alaska geologic data and publications • Maintain and organize an archive of publicly accessible geologic samples from industry, government, and academia. • Respond to legislative and administration requests for information and assistance on geological issues

Major Activities to Advance Strategies

- Develop and maintain an enterprise database of geospatially referenced geological and geophysical information

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$6,542,500

Personnel:

Full time	39
Part time	0
Total	39

Performance Measure Detail

A: Result - Hard-copy and digital geologic reports and maps for use in exploring for and managing energy and mineral resources and for mitigating geologic hazards

Target #1: FY07 Target: 700 requests filled for hard-copy geologic publications.

Measure #1: Number of requested geologic publications delivered during the fiscal year.

Requests filled for hard-copy geologic publications

Fiscal year	Target	Result
2000	Not established	9,494
2001	Not established	4,165
2002	Not established	1,480
2003	Not established	1,243
2004	Not established	2,513
2005	Not established	979
2006	700	938
2007	700	

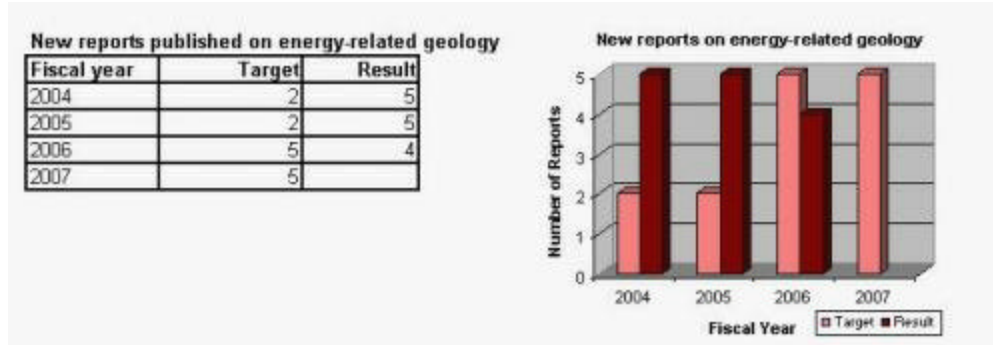
Analysis of results and challenges: The products of DGGS's field-geologic and geophysical studies are technical reports, geologic & geophysical maps, and digital datasets. Each year, the division collects field data for several areas, totaling several hundred square miles in area, analyzes those data, and publishes the products. Detailed published geologic and geophysical maps at scales needed for resource exploration, land-use management, and geologic-hazards assessment are scattered geographically and currently available for less than 10 percent of the state, but DGGS's field programs are gradually increasing that figure. DGGS prioritizes the selection of new mapping areas in consultation with other state agencies, appropriate state boards and commissions, industry resource-interest groups, and other stakeholders. Information about types of data collected, amount of area covered, and types of products DGGS generates is available in the Missions & Measures details.

Although DGGS has made all of its geologic and geophysical reports and maps available online since FY 2000, some users still prefer to receive these products in hard-copy formats. Rather than printing reports and maps in large numbers for distribution as was the practice in years past, hard copies are now printed on demand, with only a few copies kept on the shelves to fill orders or over-the-counter sales. Distribution of hard-copy publications has decreased dramatically during the past six years, but now appears to be leveling off. In FY2004, DGGS had a "fire sale" to reduce the excess hard-copy publications on the shelves, hence the peak in distribution that fiscal year. See also the analysis of results and challenges for Result B, "Timely online delivery of geological and geophysical information," which includes a graph comparing hard-copy distribution with online information accesses.

A1: Strategy - Produce timely and reliable new energy-related geologic information in areas of poor geologic understanding and high energy resource potential, for both resource development and rural energy consumption

Target #1: FY07 Target: Five reports on energy-related geology of state-interest lands

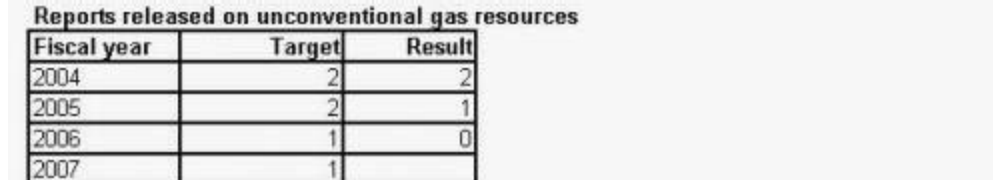
Measure #1: Number of new peer-reviewed geologic reports published during the fiscal year that assist the energy industry and state management agencies in developing conventional energy resources on state-interest lands.



Analysis of results and challenges: Dissemination of detailed geologic knowledge is critically important for responsible resource development. This information must be the result of the most modern analyses and incorporate all available data in order to identify frontier areas of energy exploration on state lands. A critical component of this effort is in the form of published reports on a wide range of geologic disciplines.

Target #2: FY07 Target: One report on unconventional gas resource potential of state-interest lands

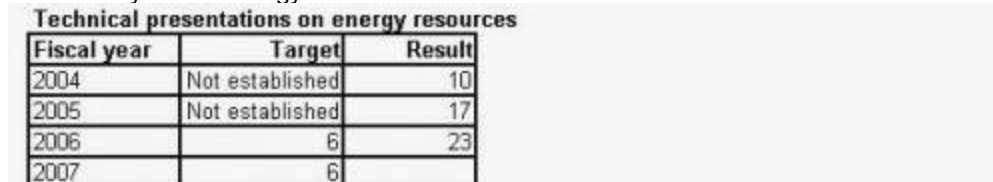
Measure #2: Number of new peer-reviewed reports or datasets released during the fiscal year that provide geologic information on unconventional gas resources.



Analysis of results and challenges: An emerging frontier of resource development is unconventional energy. Examples of this potential include low permeability reservoirs, gas hydrates, coal, coal bed methane, and geothermal. This target is not only important for developing commercial energy sources, but also for the energy challenges faced in rural Alaska. DGGs will remain committed to acquiring and publishing pertinent geologic data concerning both the developed and rural areas of Alaska, especially in the light of energy shortfalls and commodity price increases. As of the end of FY2006, one report had been completed but was still in review and editing.

Target #3: FY07 Target: Six presentations on energy-resource geology

Measure #3: Number of technical presentations made to industry, public, and government sectors during the fiscal year on energy-resource evaluations.



Analysis of results and challenges: An important venue for releasing timely information for resource development and regulations is through public presentation at both local and national technical conferences. This avenue is often the most cost-effective and timely method of disseminating new findings to the broadest audience of end-users. Significant effort is placed on this method of knowledge transfer and will be followed up

by publication of data and interpretations. Because new presentation opportunities arise during each fiscal year, DGGs generally far exceeds its target for this important outreach method.

Target #4: FY07 Target: 525 square miles of published, energy-related geologic mapping

Measure #4: Number of square miles of new, peer-reviewed, energy-related bedrock geologic mapping published during the fiscal year.

Square miles of new energy-related geologic mapping

Fiscal year	Target	Result
2004	200	0
2005	200	0
2006	240	0
2007	525	

Analysis of results and challenges: The publication of mapped geologic data in areas of high energy resource potential is critical for attracting new industry players and providing detailed information for government, academia and exploration companies. DGGs did not meet its published target in FY05 or FY06. 524 square miles of mapping was completed in 2005 and is currently submitted for publication in FY07. Significant personnel changes in the energy section, as well as the back-log created for publication staff were the major challenges faced during this period. Completion of the re-structuring of the energy program, and a focused effort on the publication back-log are the primary goals for FY07.

A2: Strategy - Produce timely and reliable new minerals-related geological and geophysical information in areas of limited information and high minerals resource potential

Target #1: FY07 Target: 240 square miles of published, minerals-related bedrock geologic mapping

Measure #1: Number of square miles of new, peer-reviewed, minerals-related bedrock geologic maps published during the fiscal year.

Square miles of published minerals-related geologic mapping

Fiscal year	Target	Result
2004	200	124
2005	200	268
2006	130	0
2007	240	

Analysis of results and challenges: The publication of mapped geologic data in areas of high minerals resource potential is critical for attracting new industry players and providing detailed information for government, academia and exploration companies. DGGs minerals section geologists have developed a methodology for increasing bedrock geological mapping by use of pre-flown remote sensing data to help identify poorly exposed bedrock data. DGGs has usually exceeded its targets, which vary year to year based on available funding and logistics costs in the area mapped. However, for FY06, final publication of the mapping done in calendar year 2005 was not possible by the end of the fiscal year. The maps will be published in FY07.

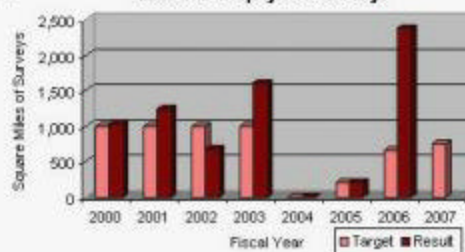
Target #2: FY07 Target: 750 square miles of published minerals-related airborne geophysical maps

Measure #2: Number of square miles of completed new airborne geophysical maps of minerals-interest lands published during the fiscal year.

Square miles of minerals-related airborne-geophysics

Fiscal year	Target	Result
2000	1,000	1,032
2001	1,000	1,240
2002	1,000	671
2003	1,000	1,612
2004	0	0*
2005	200	210
2006	650	2,382
2007	750	

Airborne Geophysical Surveys



Analysis of results and challenges: Much of Alaska's minerals potential lands have poorly exposed geology

due to tundra and tree cover. Advancement in geophysical data acquisition has shown that much of this poorly exposed bedrock can be identified using aerial geophysical surveys and, in combination with ground-based geologic mapping, can provide reliable information for mineral resource assessment. Less than 20% of potential mineral bearing lands have been surveyed, and DGGs is committed to prioritizing and finishing the acquisition of this important data. Funding for this work has historically been sporadic and partially dictates the amount of yearly coverage possible. Available equipment and personnel constraints also play major rolls in our ability to gather data. *For example, in FY04, CIP funding was insufficient to support new airborne-geophysical surveys, so no new data were acquired. However, during FY04, DGGs updated 763 square miles of previously collected data to meet modern standards. The FY06 target was 650 square miles of published airborne geophysical maps, compared to the FY05 target of 200 square miles. The actual total geophysical survey area flown and released in FY06 for mineral-interest lands far exceeds the FY06 target because it includes 1,447 square miles of survey flown over minerals-interest lands in southern NPRA under Bureau of Land Management funding. An additional ~3,110 square miles was flown under separate CIP funding for the Alaska Highway corridor, but that is not included in the total here because the corridor is not specifically mineral-interest land.

Target #3: FY07 Target: 240 square miles of published, placer-mineral related geologic mapping

Measure #3: Number of square miles of new surficial geologic maps published during the fiscal year that provide geologic information on placer-mineral potential and/or construction-materials resources.

Square miles of published placer-mineral geologic maps

Fiscal year	Target	Result
2004	200	0
2005	200	0
2006	130	268
2007	240	

Analysis of results and challenges: The publication of mapped geologic data in areas of high placer-minerals resource potential is critical for providing detailed information for government, academia and explorationists. This information is also pertinent for land selection and land-use management. Although this resource has historically seen significant reduction in activity based on environmental concerns and commodity pricing, new techniques, environmental remediation standards, and higher commodity prices has renewed interest in the resource. In FY06, DGGs completed the publication of 284 square miles of field mapping that was done in 2004. The remaining unpublished maps are currently in review and editing.

Target #4: FY07 Target: Three datasets of minerals-related geologic information made available online

Measure #4: Number of legacy or private-sector datasets released during the fiscal year that provide minerals-related geologic information.

Minerals-related geologic datasets

Fiscal year	Target	Result
2004	1	6
2005	1	4
2006	3	28
2007	3	

Analysis of results and challenges: The advent of the digital information age has placed significant demand on information availability and feasibility of warehousing hardcopy documents. As a result, a significant body of data in the public and private sectors is at risk of loss due to budget constraints and physical space requirements. DGGs has been employing considerable effort to recover and transfer these documents to digital format and provide them electronically in order to capture the wealth of information available, and distribute it to a broader user base. DGGs made significant progress on this effort in FY06 and consequently far exceeded the target.

Target #5: FY07 Target: Two reports on the Alaska minerals industry

Measure #5: Number of reports published during the fiscal year providing statistical information on Alaskan mineral industry.

Reports on Alaska mineral industry statistics

Fiscal year	Target	Result
2004	2	2
2005	2	2
2006	2	2
2007	2	

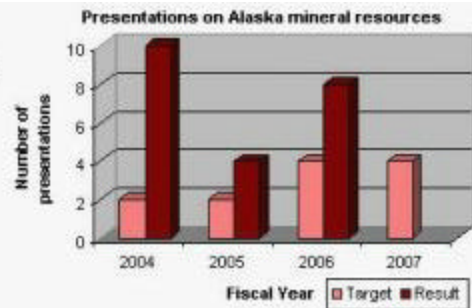
Analysis of results and challenges: An important source of minerals information can be obtained through the statistical study of industry trends and information. DGGs, in collaboration with DML&W and Department of Commerce, Community, and Economic Development compiles, publishes, and distributes this information for both governmental and industry use. This document is widely used and considered a critical source of information for planning.

Target #6: FY07 Targets: Four presentations on Alaska mineral-resource potential

Measure #6: Number of technical presentations made to industry, public, and government sectors during the fiscal year on mineral-resource potential and the status of the Alaskan mineral industry.

Presentations on Alaska mineral-resource potential

Fiscal year	Target	Result
2004	2	10
2005	2	4
2006	4	8
2007	4	

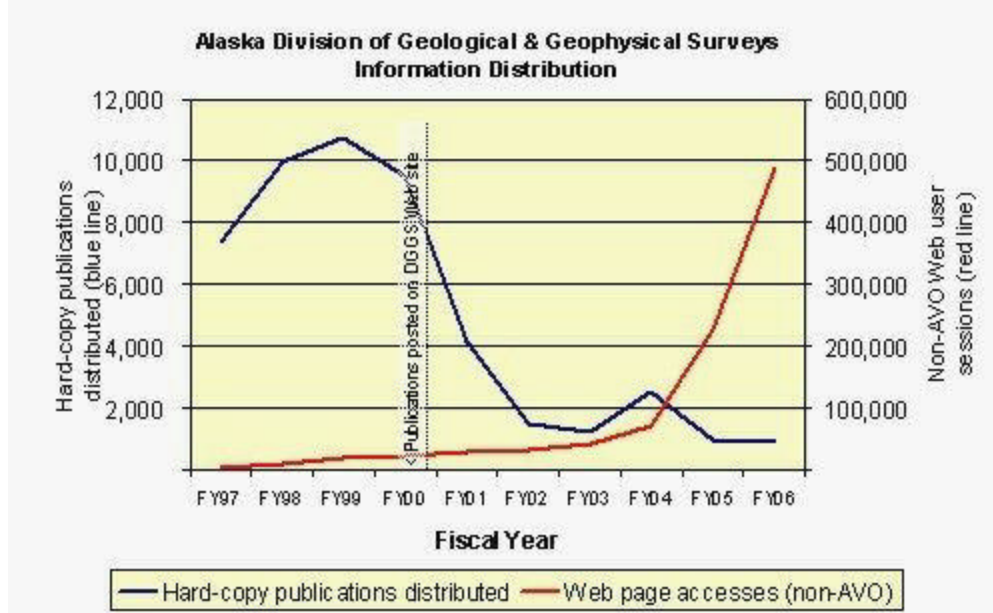


Analysis of results and challenges: An important venue for releasing timely information for resource development and regulations is through public presentations at both local and national technical conferences. This avenue is often the most cost-effective and timely method of disseminating new findings to the broadest audience of end-users. DGGs places significant effort on this method of knowledge transfer and will follow up by publishing data and interpretations.

B: Result - Timely online delivery of geological and geophysical information to support resource development, attract new industry and provide pre-disaster hazard mitigation for continued economic growth

Target #1: FY07 : 2 million visits (user sessions)

Measure #1: Number of users requesting information and data from the DGGS and AVO Web sites.



Total DGGS+AVO user sessions

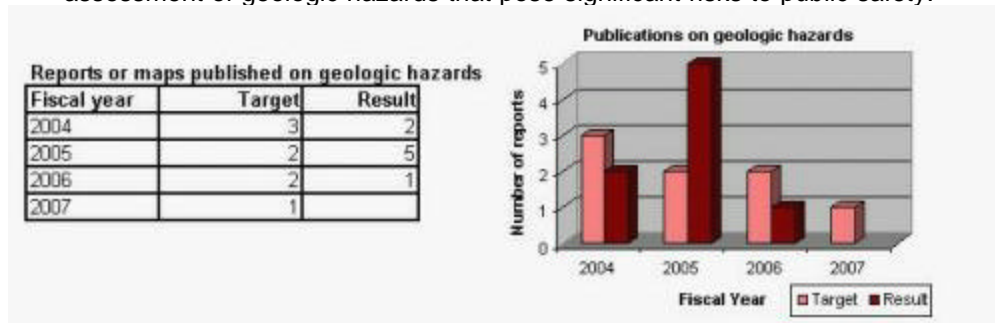
Fiscal Year	Result	Target
FY 2003	Not tallied	Not Established
FY 2004	248,806	Not Established
FY 2005	1,670,802	Not Established
FY 2006	5,789,148	280,000
FY 2007		2,000,000

Analysis of results and challenges: Dissemination of information via the web has seen a dramatic increase over the past 8 years. This is especially true of detailed technical reports and large datasets that were previously difficult to obtain outside a local distribution center. Although the initial development costs are high, the dramatic decrease in hardcopy requests, as well as the much wider distribution of information will pay large dividends in the form of increased knowledge transfer to a much broader base of users. DGGS has focused a significant effort on developing and maintaining this service, and as a result, has seen a dramatic increase in geologic data inquiries via the internet over the past 3 years. Our FY06 target for total (DGGS+AVO) user sessions was far exceeded as a result of the eruption of Augustine Volcano and the resulting public inquiries to the Alaska Volcano Observatory (AVO) web site, which DGGS manages (see table). It was the first volcanic eruption in history that the public could monitor in real time via the Internet. DGGS is committed to continuing and improving this important service. The graph gives a visual comparison between the decline and leveling off of hard-copy publication distribution over the past eight years (blue line) and the dramatic increase in online user sessions (red line; only non-AVO sessions are shown on the graph because we did not begin tallying AVO user sessions separately until FY04). Note that the scales are vastly different; annual hard-copy distribution peaked at around 11,000, whereas annual Web user sessions are measured in the hundreds of thousands (millions when we include AVO).

B1: Strategy - Produce reliable new information on geologic hazards in areas at risk of economic losses and casualties from disasters

Target #1: FY07 Target: One report on geologic hazards

Measure #1: Number of peer-reviewed reports or maps published during the fiscal year that provide improved assessment of geologic hazards that pose significant risks to public safety.



Analysis of results and challenges: Public safety and preventing economic disasters caused by natural phenomena are distinctly tied to our understanding the risks associated with the complex geology in Alaska. Mitigation of these risks can only come about through detailed mapping and understanding of the natural processes, and timely distribution of that information to the public and government planners. Increasing population and development in Alaska create significant demands for acquiring geologic data and distributing it in a timely fashion. Completed in FY06 was the development of a geologic-hazards Web site for the Alaska Coastal Management Program. DGGs will continue in its attempt to keep pace with the growing need for information through collaborative projects, publication, Web materials, and community outreach.

C: Result - Timely responses to all public & agency requests for information and assistance on energy resources, mineral resources, geologic hazards, and engineering geology

Target #1: FY07 Target: 100 percent response to requests for geologic information or assistance by date requested

Measure #1: Percentage of timely responses during the fiscal year relative to the total number of requests.

Percent timely responses to requests for geologic information

Fiscal year	Target	Result	Responses
2004	Not established	--	Not recorded
2005	100%	100%	702
2006	100%	100%	2,215
2007	100%		

Analysis of results and challenges: Current, timely geologic information is critical to public safety scientific organizations, resource planners, land managers, and developers. Regardless of the amount of information gathered, the distribution of that knowledge is key in providing the desired outcome. The significant increase in 2006 is primarily the result of responding to requests for information on the eruption of Augustine Volcano in early 2006, but also includes increased requests for information on minerals and energy resources as a result of increased exploration for those commodities. The division is committed to continuously providing a 100% timely response to requests for information.

C1: Strategy - Provide improved public outreach and education regarding the geology of Alaska

Target #1: FY07 Target: Ten public presentations on the geology of Alaska

Measure #1: : Number of events during the fiscal year that involve preparing and manning public displays, speaking at or teaching classes, and delivering presentations about the geology of Alaska.

Public presentations on the geology of Alaska

Fiscal year	Target	Result
2004	Not established	12
2005	10	40
2006	10	52
2007	10	

Analysis of results and challenges: Public awareness and knowledge of the division's activity and database is paramount to success of the organization's mission. Although the web site is an important tool to that end, the power of physical presence at public forums cannot be underestimated. DGGS employs significant effort in presenting geologic knowledge in a wide range of public venues including schools, trade shows and community meetings. The number of presentations made reflects the commitment to that outreach.

D: Result - Improved public access to nonproprietary rock samples and to the corresponding processed samples in support of private-sector resource exploration and geological education

Target #1: FY07 Target: 100 percent satisfied users of the Geologic Materials Center

Measure #1: Percentage of satisfied users of the Geologic Materials Center sample archives based on written evaluations.

Percent satisfied users of the Geologic Materials Center

Fiscal year	Target	Result	Evaluations received
2004	Not established	--	Not recorded
2005	100%	100%	12
2006	100%	100%	6
2007	100%		

Analysis of results and challenges: A significant amount of effort and capital has been spent over the past 60 years to obtain rock and mineral samples throughout Alaska. Some of these samples are irreplaceable, or currently very difficult and expensive to acquire. The Geologic Materials Center archives geologic samples and provides a wide range of users (industry, government, academia, and public) access for identifying new resource prospects and increasing our geologic knowledge of the state. This is all done under a very limited budget in a sorely inadequate and outdated facility. It is very important that this access is user-friendly and allows for new technological analyses to be performed in a timely manner. Although satisfaction is currently 100%, a noted challenge has been to document user feedback through written evaluations. There were 470 visitations to the facility in FY06. Clearly we need to improve our efforts to get larger numbers of user evaluations. DGGS will initiate new methods of acquiring that information and making improvements where warranted.

D1: Strategy - Provide increased availability of processed samples at the Geologic Materials Center

Target #1: FY07 Target: 3,000 new processed samples

Measure #1: Increase in total GMC processed collection (microfossil/petrographic slides, data reports), which increases available exploration data to industry, academia, and government agencies.

Growth of processed-sample collection

Fiscal year	Target	Result	# Samples
2004	Not established	Not recorded	Not recorded
2005	10%	5%	12,314
2006	10%	1%	2,666
2007	3,000 spls		

Analysis of results and challenges: Constant access to new geologic samples is very important to increasing our knowledge of Alaska's complex geology. Specialized sub-samples of the GMC collection provide information to geologists that can mean significant economic impact to the state. DGGs is committed to providing those specialized samples, but budget and personnel constraints limit our ability to significantly increase the archived collection. The target increase has not been reached in two consecutive years, hence a more realistic target of 3,000 new processed samples annually was implemented for FY07.

Component: Recorder's Office/Uniform Commercial Code

Contribution to Department's Mission

To provide and maintain a secure and impartial place to accept documents (consisting of mining claims, land transfers, and a variety of real estate and personal property recordings and filings) into the permanent public record in the manner prescribed by Alaska law, and to protect, preserve and enhance the public record for the benefit of present and future generations.

Core Services

The primary public services provided by the Recorder's/UCC component are mandated by statute and include the following:

- (1) examine, record or file, process, and return documents as prescribed by law;
- (2) securely store and preserve all documents submitted for record;
- (3) maintain and update grantor/grantee and location indices for accurate retrieval of the public record;
- (4) provide record searches and copies of Uniform Commercial Code documents upon written request of user; and
- (5) administer recording/filing services, maintain public libraries of recorded and filed documents in twelve rural and urban recording locations serving 34 recording districts and UCC Central File.

End Results	Strategies to Achieve Results
<p>A: Enhance the operation of commerce (personal and commercial) within Alaska.</p> <p><u>Target #1:</u> 100 percent documents presented and accepted, entered into the index <u>Measure #1:</u> % of documents presented, accepted and entered in the index</p> <p><u>Target #2:</u> Recording offices open 100% with database access available to the public <u>Measure #2:</u> % Recording offices open and database access available to the public</p>	<p>A1: Timely recording and handling of all documents.</p> <p><u>Target #1:</u> Complete input within 1 day (24 hours) 100% of the time <u>Measure #1:</u> % timely input of documents into the index</p> <p><u>Target #2:</u> 100% of documents verified within 7 calendar days <u>Measure #2:</u> % timely verification of documents</p> <p><u>Target #3:</u> 100% original documents returned within 30 days of recording <u>Measure #3:</u> % timely return of original documents to customer</p> <p><u>Target #4:</u> 80% UCC filings submitted electronically <u>Measure #4:</u> % electronic filings submitted to UCC</p> <p>A2: Create and maintain accessible archival record</p> <p><u>Target #1:</u> 100% documents filmed/scanned within 10 days of recording. <u>Measure #1:</u> % documents filmed/scanned within 10 days of recording at any statewide recording district.</p> <p>A3: Create permanent archival record to preserve the history of personal, commercial, and land transactions in Alaska by converting paper and film media recording records to digital images to expedite retrieval and research capability.</p> <p><u>Target #1:</u> 2,000 historic books accessioned to State Archives per Fiscal Year (out of a total of more than</p>

	<p>7,000).</p> <p><u>Measure #1:</u> # of books accessioned to State Archives per Fiscal year.</p> <p><u>Target #2:</u> Convert an estimated 5,400,000 film images (covering a 10 year period) to digital images from 2001 back to 1991.</p> <p><u>Measure #2:</u> # Of images from historic film available on intranet</p> <p><u>Target #3:</u> Scan and index 47,435 historic statewide plats and add images and indexing information to the Internet.</p> <p><u>Measure #3:</u> # of historic plat images available for public use and viewing on the Internet.</p> <p><u>Target #4:</u> Convert an estimated 750,000 aperture cards covering the time period from 1971 through 1978, to digital images.</p> <p><u>Measure #4:</u> # of converted images available on the Intranet.</p>
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Major Activities to Advance Strategies

- Enhance system through completion of book, film, and aperture card conversion projects, integrating images into the Intranet data base.
- Examine, record/file, receipt, and process original documents
- Maintain and update grantor/grantee and location indices for retrieval of documents
- Provide searches and copies of recorded and filed UCC documents
- Return original recorded documents to customers
- Customer assistance in use of library facilities
- Archival and administrative processes
- Provide electronic access to records through the WEB, providing CDs, and electronic downloads

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,486,600

Personnel:

Full time	48
Part time	6
Total	54

Performance Measure Detail

A: Result - Enhance the operation of commerce (personal and commercial) within Alaska.

Target #1: 100 percent documents presented and accepted, entered into the index

Measure #1: % of documents presented, accepted and entered in the index

% Documents Presented, Accepted and Entered into Index

Fiscal Year	YTD Total	Target Met
FY 2001	215808	100%
FY 2002	232200	100%
FY 2003	284588	100%
FY 2004	284342	100%
FY 2005	247365	100%
FY 2006	250827	100%
FY 2007	63013	100%

Analysis of results and challenges: All documents presented and accepted for recording are entered into the index and become part of the permanent public record. Documents must meet minimum recording criteria to be accepted. Recorded documents are input as presented. Document content is not reviewed.

Target #2: Recording offices open 100% with database access available to the public

Measure #2: % Recording offices open and database access available to the public

% Recording offices open 100%

Fiscal Year	YTD Total
FY 2001	92%
FY 2002	87%
FY 2003	90%
FY 2004	91%
FY 2005	92%
FY 2006	94%
FY 2007	92%

Analysis of results and challenges: There are 34 recording districts and UCC Central file, handled at 12 offices across the state with 7 offices having a staff of 1 person. Recording services are transferred from a single staff office to a multi-staff office during scheduled and unscheduled closures. (Fairbanks covers Bethel; Juneau covers Sitka and Ketchikan; Anchorage covers Homer, Kodiak, Seward, and Valdez.) All offices provide Intranet access to our on-line database with images, via public access computers. We recently established a research only facility at the DMV office in Nome. (The recorder's database index without images is also available via the Internet.)

Funding limitations may require us to keep vacancies open longer than we desire - when this happens in single staffed offices the back-up office will keep performing the work for that office until a new employee can be hired and trained. The single staff Valdez office was closed for 123 days during FY06 while a new employee was recruited and trained. Scheduled and unscheduled leave during the first quarter of FY07 resulted in single staff office closures.

A1: Strategy - Timely recording and handling of all documents.**Target #1:** Complete input within 1 day (24 hours) 100% of the time**Measure #1:** % timely input of documents into the index**% Documents input within 1 day**

Fiscal Year	YTD Total
FY 2001	96%
FY 2002	95%
FY 2003	90%
FY 2004	92%
FY 2005	98%
FY 2006	99%
FY 2007	98%

Analysis of results and challenges: The 24-hour target for input of documents into the data base ensures the timely creation of the public record for viewing by the public and "date downs" by title companies. We were unable to meet this target in FY03 and FY04 due to record recording volumes as a result of low interest rates and an abundance of refinance activity and new home purchases.

Target #2: 100% of documents verified within 7 calendar days**Measure #2:** % timely verification of documents**% Documents verified within 7 work days by FY**

Year	YTD Total
2001	82%
2002	89%
2003	91%
2004	91%
2005	92%
2006	97%
2007	98%

Analysis of results and challenges: Verification is the final phase in creating the permanent public record. This is the quality control process that ensures recorded documents are entered into the data base exactly as presented. The verification process ensures a reliable and accurate index for our many users. Internal reorganizations, staffing adjustments and technology advancements have enabled us to improve performance in this area.

Target #3: 100% original documents returned within 30 days of recording**Measure #3:** % timely return of original documents to customer**% Documents returned within 30 days of recording by Fiscal Year**

Fiscal Year	YTD Total	Actuals
FY 2001	15%	215,800
FY 2002	12%	232,200
FY 2003	10%	284,588
FY 2004	15%	284,342
FY 2005	28%	247,365
FY 2006	85%	250,827
FY 2007	5%	51,934

In FY06 two full-time positions were added to deal with the mailback of original documents which made a significant improvement. Staff turnover and unscheduled absences have resulted in backlogs.

Analysis of results and challenges: Timely return of original recorded documents enables lenders to complete

loan packages to investors (who require original documents); provides customers with their own hard copy record of the transaction; and facilitates updates and corrections to the document (as the original may be re-recorded) when changes are necessary. The 30 day target to return original documents has been difficult to meet due to record volumes. Non-permanent staff assistance was used over the years to help bring this function into compliance.

In 2001 the average time required to return original documents sometimes exceeded 8 months. Although turn-around time has been reduced in the last few years it has still averaged 45 to 90 days at times. Two full time positions were created in FY06 to handle this function on a statewide basis in order to meet this performance objective. As of the end of January all districts were current with mail backs and remained current through the end of the third quarter. Staff turnover during the 4th quarter resulted in mail backlogs. New staff members were hired and are working hard to bring this duty to a current status.

Target #4: 80% UCC filings submitted electronically

Measure #4: % electronic filings submitted to UCC

% of electronic filings submitted to UCC Central

Fiscal Year	YTD Total
FY 2004	3%
FY 2005	13%
FY 2006	25%
FY 2007	54%

UCC Central began accepting electronic filings in February 2004. Percent of electronic filings for 2004 based on total filings during third and fourth quarter only.

Analysis of results and challenges: On line electronic filings not only provide a benefit to customers by ensuring Debtor and Secured Party information is entered accurately, the process also requires a valid UCC associated file number is used (for other than an initial filing). This is something not verified with a direct filing. On line electronic filings also create efficiencies for staff as the customer has pre-input the document information into the index. We have been able to increase the use of on line filings through customer education of the process.

A2: Strategy - Create and maintain accessible archival record

Target #1: 100% documents filmed/scanned within 10 days of recording.

Measure #1: % documents filmed/scanned within 10 days of recording at any statewide recording district.

% documents scanned/filmed within 10 days of recording

Fiscal Year	YTD Total
FY 2002	52%
FY 2003	65%
FY 2004	82%
FY 2005	73%
FY 2006	98%
FY 2007	76%

The Recorder's office began scanning documents in FY02 (July 1, 2001).

Analysis of results and challenges: Scanning and filming recorded documents within 10 days of recording results in the timely availability of images for customer review. There are approximately 3.7 pages for each document recorded. The Archive unit must scan and film each page of every document and complete quality control checks prior to the release of images or the creation of roll film. Staff turnover and unscheduled leave resulted in backlogs during the first quarter of FY07.

A3: Strategy - Create permanent archival record to preserve the history of personal, commercial, and land transactions in Alaska by converting paper and film media recording records to digital images to expedite retrieval and research capability.

Target #1: 2,000 historic books accessioned to State Archives per Fiscal Year (out of a total of more than 7,000).

Measure #1: # of books accessioned to State Archives per Fiscal year.

Historical books filming project by Fiscal Year

Fiscal Year	Accessioned	Remaining	YTD Total
FY 2002	207	6946	207
FY 2003	783	6163	990
FY 2004	929	5234	1919
FY 2005	763	4471	2682
FY 2006	3462	1014	6144
FY 2007	601	413	6745

In FY05 we changed the process to add scanning in order to get the books in digital format for internet access. Through FY06 3462 books were accessioned, more than all of FY2004 and FY2005 combined! (YTD means cumulative since the start of the project.)

Analysis of results and challenges: The Recorder's Office identified 7,158 historic recording books statewide from approximately the late 1800's to the early 1970's. These books are an important part of the Alaskan history and public record. They were handled daily in our offices as that was the only record available so we requested a CIP to film the books and send them to State Archives. Accessioning books to State Archives began prior to FY02 so the number showing accessioned in FY02 is cumulative. Book scanning and digitizing began late in FY05. Film must be created, all images checked for quality, and the shipment accepted by the State Archivist prior to accessioning. Some of the older books being scanned are in various stages of deterioration due to handling, natural disasters (flood, fire, etc.), which results in the scanning process taking longer to produce an acceptable image.

We project completion of this effort by December 2006. We will then request the return of 1,832 previously accessioned books from State Archives. These books were filmed by Central Microfilm prior to being accessioned and film quality is poor. Scanning these books will ensure the best image possible will be available for research and historic preservation. Completion will depend on available money.

Target #2: Convert an estimated 5,400,000 film images (covering a 10 year period) to digital images from 2001 back to 1991.

Measure #2: # Of images from historic film available on intranet

Of Converted Images/Added to Intranet

Fiscal Year	Images Added to Intranet
FY 2005	109,212
FY 2006	1,160,157
FY 2007	531,496

Analysis of results and challenges: (Estimated image figure of 5.0 Million was adjusted from 6.2 Million based on number of images delivered by contractor.) The conversion process requires all images on the master roll of film be converted to digital, however only recorded documents are indexed. UCC's, retakes, batch headers and spacers are eliminated. The contractor has converted, indexed and delivered all images according to the contract.

The conversion of historic film images to digital format enables not only rapid retrieval of images, but also retrieval of those images from all districts across the state at any Recording office. Without this conversion customers must travel to a specific recording office to review film images for recording districts handled at that office. Conversion to digital will also remove the requirement for expensive and aging film reader/printers at all recording locations.

Approximately 10 years worth of Southeast district microfilm was converted to digital images in FY05 via a joint partnership with a Southeast Title Company. The partnership enabled the State and the Title Company to convert more years than either could have done alone. Statewide, film is being converted to digital from July 2001 back to January 1991. Agency programmers are developing index efficiencies to help expedite the required quality control checks. Most of the programming challenges have been corrected and images for 2001, 2000 and 1999 have now been released to the database along with a number of "extra" images covering various years from South East Districts. The projection for completion of the years 1991-1998 is by the end of calendar year 2007. All images are released to the Intranet however all conveyance documents and mining documents are also available on the Internet.

Target #3: Scan and index 47,435 historic statewide plats and add images and indexing information to the Internet.

Measure #3: # of historic plat images available for public use and viewing on the Internet.

of Statewide Plat Images Available on the Internet- cumulative

Fiscal Year	YTD Total
FY 2003	16,145
FY 2004	26,030
FY 2005	38,584
FY 2006	Done 3rd Qtr 47,486

Project completed in full during the 3rd Quarter of FY06.

Analysis of results and challenges: This project involved scanning and in some cases creating an index in the data base, for all plats recorded statewide prior to July 2003. As the plats were scanned, an index was created and the images were placed on the Internet for public use and review. Plat images are used by the Bureau of Land Management (BLM), various State agencies, Boroughs and Municipalities, and surveyors across the state.

47,486 statewide plats were identified for this project, some dating back to the early 1900's. This project was completed during the 3rd quarter of FY06.

Target #4: Convert an estimated 750,000 aperture cards covering the time period from 1971 through 1978, to digital images.

Measure #4: # of converted images available on the Intranet.

of Aperture Card Images Added to Data Base

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2007	0	0	0	0	0

Analysis of results and challenges: This project represents the conversion of an entire record series covering the 1970's. Aperture Cards are cumbersome to use and require special equipment to view. Without conversion to digital images customers must travel to a specific recording office to view aperture cards from districts handled at that office. Conversion to digital will remove the requirement for expensive and aging film reader/printers at all recording locations.

Contractor will begin delivery of images in September. Anticipate release to database beginning 2nd quarter FY07.

Component: Agricultural Development

Contribution to Department's Mission

The Division of Agriculture, and Board of Agriculture and Conservation work to promote and encourage development of an agriculture industry in the state.

Core Services

The Division of Agriculture, in cooperation with industry representatives, the Commissioner of the Department of Natural Resources, and the Board of Agriculture and Conservation administers agricultural policy for Alaska. The division works to create opportunities by providing consistency and stability in state agricultural programs. The agricultural assets owned by the division are managed to promote economically viable development, maximize return to the state, and encourage privatization. The Director of the Division of Agriculture sets policy and manages the following programs:

- **Agricultural Development**, set Agriculture Policy and Administration. Provide Agricultural land to the industry through land disposals, leases, permits, and contracts. Provide Marketing Inspections services for Alaska Grown Agriculture Products.
- **North Latitude Plant Materials Center**, provide basic support for Alaska Agriculture Industry and other groups through testing, production and development of seed and plant materials at our PMC. Activities are further reported in the PMC Component.
- **Agricultural Revolving Loan Fund**, providing agricultural loans and managing ARLF assets. Activities are further reported in the ARLF Component.

Agriculture Land :

- Sell and lease agricultural and grazing land and conducts field inspection for contract compliance with farm development and farm conservation plans.
- Monitor approximately 90 land sale contracts for compliance with the terms and conditions.
- Monitor approximately 380 patented farms to ensure they comply with State regulations.
- Monitor approximately 30 grazing leases and permits on roughly 180,000 acres for compliance with terms and conditions of the lease and permits.
- Develop new statewide grazing policy and regulations for public lands classified for grazing purposes.
- Identify and initiate land disposal projects.
- Respond to written and verbal requests for agricultural land disposal and leasing information.
- Work with contract, and patent holders to update farm conservation plans.
- Work with Soil and Water Districts (SWCD) and NRCS to prepare federal and state conservation plans.
- Review and recommend updates in regulations for agricultural sales, pest control, branding, and grazing fees.

Alaska Grown/Marketing:

- Maintain develop and identify markets for Alaska Grown products.
- Develop new markets for farm products, both in state and for export.
- Maintain industry liaison with other government agencies to influence issues related to agricultural development in Alaska.
- Maintain cooperative services with USDA conservation and lending agencies serving Alaska producers.
- Provide marketing, support and production expertise to Alaska growers to increase their ability to market Alaska grown products, and maintain viable farms.
- Conduct feasibility studies.
- Work with USDA to increase in Federal funding of Environmental Quality Incentives Program (EQIP) and Wildlife Habitat Incentives Program (WHIP) conservation projects, and farm bill implementation through our participation in the National Association of State Departments of Agriculture (NASDA) and the Western Association of State Departments of Agriculture (WASDA).

Inspection :

- Inspection programs provide quality assurance of production.
- The entry of potentially harmful plants and products is regulated and controlled through inspection programs.
- Maintain USDA cooperative agreements in produce inspection, plant material, agricultural statistics, Federal Seed Act, shell eggs and phytosanitary certification for exports.
- Maintain federal licensed staff to comply with state and federal regulations. Inspection and grading services provide quality control for agricultural production.
- Conduct produce inspections for USDA grade and buyer specifications; provide field inspections for seed certification and disease control; issue phytosanitary certificates on export products from the agriculture industry; produce information and training on packaging and quality control.

End Results	Strategies to Achieve Results
<p>A: Development and expansion of the agriculture industry in Alaska.</p> <p><u>Target #1:</u> Expand gross farm product sales by 1%.</p> <p><u>Measure #1:</u> Percentage increase in value of agriculture products sold.</p>	<p>A1: Land disposals to increase the agriculture land base.</p> <p><u>Target #1:</u> Sell a minimum of 900 acres of agriculture land annually.</p> <p><u>Measure #1:</u> Number of acres sold.</p> <p>A2: Conduct plant industry regulatory inspection and certification activities in the following areas: Fresh fruit & vegetable, international phytosanitary, elk farm, shell egg and brands.</p> <p><u>Target #1:</u> Conduct ~ 600 inspections requested by industry to meet statutory, federal and international contract requirements.</p> <p><u>Measure #1:</u> Number of federal inspections completed.</p> <p><u>Target #2:</u> Conduct 100% of inspection services requested to meet statutory and state industry purchase contract requirements.</p> <p><u>Measure #2:</u> % of state inspection requests completed.</p> <p>A3: Marketing assistance to agriculture industry.</p> <p><u>Target #1:</u> Increase producer and retail awareness in Alaska Grown programs by accomplish 150 marketing activities.</p> <p><u>Measure #1:</u> Number of completed marketing actions and activities.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Help implement National Farm Bill through participation in NASDA and WASDA • Farm Bill priorities for Alaska are specialty crop, equip, Wildlife Habitat Improvement project and dairy support. • Set policy and manage the agricultural development program, the Northern Latitude Plant Materials Center, and the Agricultural Revolving Loan Fund. • Provide administrative support to the Board of Agriculture and Conservation. • Prepare land sales and work with the Board of 	<ul style="list-style-type: none"> • Maintain State Plant Health Programs to deliver pest exclusion and monitoring programs to support trade. • Issue phytosanitary certificates for export products. • Provide for organic product certification. • Continue Cooperative Marketing Program • Provide marketing assistance to farmers through information transfer. • Manage Alaska Grown program. • Assist farmer markets with promotional efforts. • Assist seed growers with market development. • Encourage use of Alaska Grown products by state and

Major Activities to Advance Strategies

- | | |
|--|---|
| <ul style="list-style-type: none"> • Agriculture and Conservation and Soil and Water Districts to accomplish land disposals. • Adjudicate lease and permit applications. • Develop new statewide grazing policy and possibly new regulations. • Provide inspections for elk farming to meet statutory requirements. • Conduct produce inspections for USDA grade and buyer specifications. • Cooperate with USDA to provide shell egg surveillance. • Provide meat grading services as requested. | <ul style="list-style-type: none"> • federal agencies. • Monitor compliance with local purchase practice, statutes and regulations. • Train staff in organic program management. |
|--|---|

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,094,300

Personnel:

Full time	14
Part time	0
Total	14

Performance Measure Detail

A: Result - Development and expansion of the agriculture industry in Alaska.

Target #1: Expand gross farm product sales by 1%.

Measure #1: Percentage increase in value of agriculture products sold.

% Change and Monetary Value of Agriculture Products Sold In Million dollars

Year	Percent	YTD Total
2001	0	\$26.5
2002	0.87%	\$30.2
2003	0.98%	\$30.7
2004	-1.0%	\$30.3
2005	0.97%	\$31.2
2006	0.98%	\$31.9

Reported on an annual basis from Alaska Agricultural Statistics.

Analysis of results and challenges: The data comes from surveys conducted throughout the year by the USDA, National Agricultural Statistical Service. The national averages have struggled over the last five years to show any net increase. Because Alaska agriculture is still in a development phase we have shown small annual increases. Poor weather conditions statewide in 2004 resulted in the minor decrease in the value of products sold.

A new marketing effort, called "Fresher by Far" was launched. This effort is designed to promote Alaska Grown produce and food products to the visitor industry. 20,000 Alaska Grown table tents and 15,000 menu stickers were produced. Staff worked with executives from the Alaska Hotel & Lodging Association (AKHLA), Alaska Restaurant & Beverage Association (ARBA) and Alaska Travel Industry Association (ATIA) to compile a mailing list and we sent samples to a selection of travel and tourism industry members and interested food establishments throughout the State. This partnership has raised the awareness of the availability of Alaska Grown products. The result of this new marketing effort is expected to show in the 2008 statistics.

A1: Strategy - Land disposals to increase the agriculture land base.

Target #1: Sell a minimum of 900 acres of agriculture land annually.

Measure #1: Number of acres sold.

Acres of agriculture land sold

Year	YTD Total
2001	3,302
2002	0
2003	1853
2004	3,114
2005	847
2006	361*

*Reported on an annual basis. In December 2006 we will offer 3 parcels totaling 847 acres of agriculture land through an Over-The-Counter Lottery. The minimum sale price for these parcels is \$454,700.

A2: Strategy - Conduct plant industry regulatory inspection and certification activities in the following areas: Fresh fruit & vegetable, international phytosanitary, elk farm, shell egg and brands.

Target #1: Conduct ~ 600 inspections requested by industry to meet statutory, federal and international contract requirements.

Measure #1: Number of federal inspections completed.

Federal Inspections Completed

Fiscal Year	FPC	FV-300	FV-301	YTD Total
FFY 2002	23	153	580	756
FFY 2003	14	150	652	816
FFY 2004	17	146	359	522
FFY 2005	23	176	396	595
FFY 2006	45	73	500	618

FPC - Federal Phytosanitary Certificates

FV-300 - Commercial produce inspections

FV-301 - Military & institutional produce inspections

Analysis of results and challenges: These three federal inspection program activities are required by government or private purchase contracts for commercial sales activity to occur. The Phytosanitary certificates, FV300 and FV301 are federal programs, the figures are based on the federal fiscal year. These federal programs and inspections cover three areas.

1. FPC Federal Phytosanitary Certification, required by importing countries as a condition to export Alaska plant products, these inspections cover over \$20 million dollars of forest and agricultural products.
2. FV300 federal inspections are requested by Alaska produce businesses as an official evaluation of produce for which a commerce claim has been made. These are legal documents in a court of law and represent approximately \$7.5 million dollars of produce.
3. FV301 federal inspections are required to sell to federal institutions, and some state institutions to determine if contracted quality and specifications are met on specified product. These inspections represent approximately \$15.6 million dollars of products annually.

Target #2: Conduct 100% of inspection services requested to meet statutory and state industry purchase contract requirements.

Measure #2: % of state inspection requests completed.

State Inspections Completed

Fiscal Year	Elk Farm	AK Grown	YTD Total	Target
FY 2002	2	35	37	100%
FY 2003	8	26	34	100%
FY 2004	1	17	18	100%
FY 2005	2	16	18	100%
FY 2006	10	20	30	100%

Elk Farm= Elk Farm inspections & licenses

AK Grown=Alaska Grown User Applications

Analysis of results and challenges: These state inspections monitor compliance with state programs. Elk farm inspections are required by statute AS 03.05.075 and occur at least bi-annually and may fall outside of the state fiscal calendar for reporting purposes. Alaska Grown program inspections fluctuate as new programs and products enter the market place.

A3: Strategy - Marketing assistance to agriculture industry.

Target #1: Increase producer and retail awareness in Alaska Grown programs by accomplish 150 marketing activities.

Measure #1: Number of completed marketing actions and activities.

Analysis of results and challenges: Consumers research indicates that 70% of population is now familiar with Alaska Grown products. This is an increase of 10% in two years. Activities which contributed to this increase in awareness:

86 Food service and retail market consultations

13 Farmers market assistance projects and meetings

07 presentations of Alaska Grown display and products to fairs, conferences and expos.

19 Producer contact visits

Component: North Latitude Plant Material Center

Contribution to Department's Mission

The North Latitude Plant Materials Center works to promote Alaska-produced agricultural crops for use in revegetation and seed production.

Core Services

- Evaluation, testing, production, development, and distribution of materials to resource industries to meet environmental requirements that includes the development of a native seed industry.
- Cost-effective practices, for production, and distribution of seed potatoes and plant materials to the produce and forage industries.
- New native and introduced seed for research and industry through collection projects.
- Recognized as the authority on reclamation, revegetation, wetland rehabilitation and commercialization of native species through its release of new crops and expansion on the more basic research undertaken at the University of Alaska.
- With systematic evaluation throughout the state, data on revegetation is collected and distributed by way of reports. This data on plant performance is also used to develop new commercial crops for Alaska production.
- New native crops designed for rehabilitation and reclamation, breeder seed and foundation seed of traditional grasses and grain is also produced for later sale to commercial seed producers for further multiplication and sale.
- Encourage private seed producers to grow certified, registered, and in some cases, foundation native seed.
- Develop cost-effective reclamation techniques for industry and develop supplies of native seed needed by industry.
- Assist industry in compliance of environmental regulations in revegetation and erosion control.
- Provide seed industry and seed users with northern latitude adapted species.
- Develop techniques for cleaning seed.
- Transfer knowledge to end users through demonstration and education programs.
- Market seed through specifications.
- Cooperate with UAF and other agencies.

End Results	Strategies to Achieve Results
A: By doing demonstration and evaluation projects, we market and develop Plant material in Alaska for commercial seed production. <u>Target #1:</u> 450 Plant Material collections evaluated and grown by the PMC each year. <u>Measure #1:</u> Number of collections evaluated and grown. <u>Target #2:</u> Maintain twenty five or more Off-Site evaluation and Demonstration Plots. <u>Measure #2:</u> Number of sites established, maintained and planned.	A1: Ensure that plant materials are available for agriculture and environmental activities through the North Latitude Plant Materials Center. <u>Target #1:</u> Meet 100% of requests for true seed originating from commercial producers. <u>Measure #1:</u> Percentage of requests met
End Results	Strategies to Achieve Results
B: By developing revegetation specifications, we market seeds produced in Alaska. <u>Target #1:</u> Respond to 110-120 requests for revegetation advice and specifications. <u>Measure #1:</u> Number of requests responded to during a year. Based on a historic average of 10 requests per month.	B1: Provide timely service to those who request information and have an on-line revegetation manual by FY07. <u>Target #1:</u> Develop on-line Statewide Revegetation Manual before June 30 2007. <u>Measure #1:</u> Percentage of state agencies using the manual for revegetation recommendations.

End Results	Strategies to Achieve Results
C: The Plant Materials Center is the state's repository and source for Alaska developed crop seed and plantlets. <u>Target #1:</u> Make available 66 tested and adapted crop collections for commercial production in Alaska. <u>Measure #1:</u> Total number different crop collections made available including native plants, grasses and grain to Alaska growers for in-state production.	C1: Continue to produce in an efficient manner all the needed crop cultivars or cultivar equivalents requested and needed by producers in Alaska. <u>Target #1:</u> 100 percent satisfaction from the commercial growers in Alaska. <u>Measure #1:</u> Continue to produce seed and plant materials that meet seed certification standards maintained by the Alaska Seed Growers Association.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Test and develop new crops for industry. • Continue Alaska Seed Growers assistance programs. • Maintain repository of Alaska crop seeds. • Continue development of revegetation materials. • Refine revegetation recommendations and develop new techniques for land restoration. • Continue the Native Plant Commercialization and Evaluation Program. • Continue International Cooperation programs. 	<ul style="list-style-type: none"> • Continue High Latitude seed acquisition programs. • Continue to market native plant seed through specifications and recommendation. • Continue seed user education programs • Continue monitoring and evaluating revegetation, reclamation, and erosion control projects. • Continue coordinating demand and supply issues with growers and users. • Continue the Ethnobotany project.

FY2008 Resources Allocated to Achieve Results	
FY2008 Component Budget: \$2,715,100	Personnel: Full time 12 Part time 12 <hr/> Total 24

Performance Measure Detail

A: Result - By doing demonstration and evaluation projects, we market and develop Plant material in Alaska for commercial seed production.

Target #1: 450 Plant Material collections evaluated and grown by the PMC each year.

Measure #1: Number of collections evaluated and grown.

Plant Material Collections in Evaluation -PMC

Year	YTD Total	Target
2004	428	400
2005	424	400
2006	451	450
2007	450	450
2008	N/A	150

Analysis of results and challenges: The PMC documents field plantings and records planting sites. We also list sales and production in the annual report. The PMC tests and develops new crops for industry through a systematic evaluation program and off-site demonstration plot network. We have an extensive program in new crop development. This is the basic purpose of the PMC. The 11 collections under evaluation in FY07 are

accessions that have been collected throughout Alaska and the Circumpolar North.

Target #2: Maintain twenty five or more Off-Site evaluation and Demonstration Plots.

Measure #2: Number of sites established, maintained and planned.

Off-Site Evaluation Plot Totals Through out Alaska

Year	YTD Total
2004	11
2005	24
2006	26
2007	30
2008	32

Analysis of results and challenges: Off-site evaluation plots are critical aspects of product development and specification and development. They allow factual evaluation on multiple geographic and climatic regions in the diverse State of Alaska. The more off-site plots the PMC has the better the product testing & promotion becomes.

A1: Strategy - Ensure that plant materials are available for agriculture and environmental activities through the North Latitude Plant Materials Center.

Target #1: Meet 100% of requests for true seed originating from commercial producers.

Measure #1: Percentage of requests met

Percentage of Requests met

Year	YTD Total
2005	100%
2006	100%
2007	On target

Analysis of results and challenges: To date we have completed 72 requests in calendar year 06 for seed needed for projects and by seed producers.

B: Result - By developing revegetation specifications, we market seeds produced in Alaska.

Target #1: Respond to 110-120 requests for revegetation advice and specifications.

Measure #1: Number of requests responded to during a year. Based on a historic average of 10 requests per month.

Annual Revegetation Advice

Year	Calls	Solutions
2004	109	108
2005	216	214
2006	222	222
2007	231**	231**
2008	*	*

*Based on actual calls from agencies and the public.

** To date.

Analysis of results and challenges: The PMC provides information to DOT/PF, various mining companies, and engineering firms for revegetation and erosion control. These specifications are based on the evaluation plots and in most cases promote the use of Alaska produced seed. This is a marketing activity that sells Alaskan seed and assures the using agencies of high quality information and successful revegetation projects.

B1: Strategy - Provide timely service to those who request information and have an on-line revegetation manual by FY07.

Target #1: Develop on-line Statewide Revegetation Manual before June 30 2007.

Measure #1: Percentage of state agencies using the manual for revegetation recommendations.

C: Result - The Plant Materials Center is the state's repository and source for Alaska developed crop seed and plantlets.

Target #1: Make available 66 tested and adapted crop collections for commercial production in Alaska.

Measure #1: Total number different crop collections made available including native plants, grasses and grain to Alaska growers for in-state production.

Total number of crop collections available for in-state production

Year	CROPS*	YTD Total
2004	50	50
2005	58	50
2006	57	57
2007	70	70
2008	81	81

Analysis of results and challenges: The total number of crops made available for commercial production in-state is the true result of the Facility. That is why we exist. The materials are a critical link for a commercial seed industry. This is the so called "seed corn" or the primary source of high quality seed for animal forage, revegetation species and grain. This also represents the species and varieties specifically developed for use in Alaska. There is no other source of basic foundation class seed for these varieties in the world.

C1: Strategy - Continue to produce in an efficient manner all the needed crop cultivars or cultivar equivalents requested and needed by producers in Alaska.

Target #1: 100 percent satisfaction from the commercial growers in Alaska.

Measure #1: Continue to produce seed and plant materials that meet seed certification standards maintained by the Alaska Seed Growers Association.

Component: Agriculture Revolving Loan Program Administration

Contribution to Department's Mission

Promote and encourage development of an agriculture industry in the state.

Core Services

- The Board of Agriculture and Conservation (BAC) administers the Agricultural Revolving Loan Fund (ARLF) through the Director of Agriculture.
- The ARLF promotes agricultural development through its agricultural loan programs. The ARLF agricultural assets are managed to encourage privatization and promote economically viable development of agricultural industries.
- Fund resources are managed to ensure sustained availability of financing for future agricultural development and expansion in Alaska.
- The ARLF provides various types of loans, including farm development, chattel, operating, irrigation, product processing and land clearing. It also provides financing contracts for the purchase of ARLF disposed assets.
- ARLF Staff process new loan application/modification requests; close loans/modifications; service loans/leases; service account delinquencies, collections, defaults, and facilitate settlements. They provide asset management for real properties, livestock, and equipment; provide inspections and protection of ARLF collateral and respond to requests by the public, legislature and state agencies.
- Service the ARLF \$25.4 million portfolio with a clientele of 106 and 111 accounts.
- Maintain the present low percentage of loan delinquencies.
- Attend agricultural functions and forums with other industry representatives.
- Facilitate BAC meetings for a seven-member board.
- Provide oversight of the Matanuska Maid Creamery operation to protect the interest of Alaska dairy industry.
- Develop plan for privatization of Mt. McKinley Meat and Sausage.

End Results	Strategies to Achieve Results
A: Have sufficient ARLF assets and cash to meet annual loan demand from the agricultural industry. <u>Target #1:</u> Maintain the loan to equity ratio above 40%. <u>Measure #1:</u> Percentage of the loan to equity ratio.	A1: Make agricultural loans at the direction of the BAC. <u>Target #1:</u> Approve \$1.0 to \$2.0 million dollars in loans annually. <u>Measure #1:</u> Annual loan demand from the ARLF <u>Target #2:</u> Keep delinquencies under 5%. <u>Measure #2:</u> Percentage of delinquency rate A2: Dispose ARLF Assets obtained through foreclosure. <u>Target #1:</u> Follow schedule of ARLF properties to be returned to the private sector. <u>Measure #1:</u> ARLF inventory to be returned to the private sector as scheduled

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Process new loan applications. • Process loan modification requests. • Inspect and evaluate collateral. | <ul style="list-style-type: none"> • Recover foreclosed/repossessed collateral. • Facilitate settlements. • Provide protection of ARLF assets. |
|---|---|

Major Activities to Advance Strategies

- Close loan/modification requests.
- Service loans, contracts, leases, accounts.
- Manage default accounts.
- Respond to informational requests.
- Provide asset management.
- Dispose of foreclosed/repossessed assets.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,570,500

Personnel:

Full time	6
Part time	0
Total	6

Performance Measure Detail

A: Result - Have sufficient ARLF assets and cash to meet annual loan demand from the agricultural industry.

Target #1: Maintain the loan to equity ratio above 40%.

Measure #1: Percentage of the loan to equity ratio.

Loan to Equity Ratio

Year	Loans	Equity	YTD Total
2002	\$7,673.0	\$27,696.0	28%
2003	\$13,009.0	\$28,042.0	46%
2004	\$12,574.0	\$26,540.0	47%
2005	\$11,366.0	\$26,250.0	43%
2006	\$10,294.0	\$25,352.1	41%*

*Through 10-06.

Analysis of results and challenges: Concerns for cash flow will limit the number of loans that can be issued. Lower loan production could be the result of less agricultural land sales and lack of agricultural infrastructures to market products. A lender might consider 40% of their assets being out on loans somewhat high risk; however, the ARLF is unlike a standard bank. Additionally, assets such as Mat Maid and AK Farmers Coop are not available for loan funds.

ARLF Contract financing is not included with the loans in this measure. Most ARLF contracts were refinanced 2003; therefore, ratios prior 2003 are lower and not a true comparable. It appears that there are no more existing ARLF borrowers that wish to refinance their existing ARLF accounts. However, there may be future refinances of other non ARLF loans for agricultural purposes.

A concern for the future of the ARLF is the fact that the ARLF cash is appropriated for non ARLF Division of Agriculture activities, thus threatening the long term solvency of this Fund.

A1: Strategy - Make agricultural loans at the direction of the BAC.

Target #1: Approve \$1.0 to \$2.0 million dollars in loans annually.

Measure #1: Annual loan demand from the ARLF

ARLF Loan Activity

Fiscal Year	Amount	# loans
FY 2000	\$1, 720,316	33
FY 2001	\$2,961,100	36
FY 2002	\$1,637,760	22
FY 2003	\$11,370,586	69
FY 2004	\$2,544,500	19
FY 2005	\$1,014,400	14
FY 2006	\$1,108,500	13

Note: Significant increase in FY03 over previous years is a result of regulation changes allowing refinances of existing loans from 8% to 5%; and a lower rate of interest charged on new loans.

Analysis of results and challenges: There are six loan types:

- Short term (crop)
- Chattel
- Land Clearing
- Irrigation
- Product processing
- Farm Development

Our experience is that roughly half of the annual loan demand is for short term loans.

The increase experienced in FY03 in loan was a one-time occurrence and it did not require a corresponding cash outflow as most of the loans were conversions from Title 28 Agricultural Interest loans to ARLF loans. These loans/contracts are secured by the land.

Target #2: Keep delinquencies under 5%.

Measure #2: Percentage of delinquency rate

Delinquency rate by year

Fiscal Year	Current	Delinquent
FY 2000	85%	15%
FY 2001	86%	14%
FY 2002	93%	7%
FY 2003	98%	2%
FY 2004	97%	3%
FY 2005	96%	4%
FY 2006	96%	4%

Analysis of results and challenges: The delinquency rate has slowly increased in the past couple of years, partly due to the mad cow scare. This made importing of animals difficult. During the last legislative session money was provided for a milk price subsidy to support our dairy farmer and their loans.

A2: Strategy - Dispose ARLF Assets obtained through foreclosure.

Target #1: Follow schedule of ARLF properties to be returned to the private sector.

Measure #1: ARLF inventory to be returned to the private sector as scheduled

ARLF schedule of Property Disposals

Fiscal Year	DESCRIPTION	LOCATION	VALUE	ACTION
FY 2006	Fish Processing Facility	Fairbanks	\$220,000	Sold
FY 2006	Tract 17 Dairy 612 acres	Pt. MacKenzie	\$1,450,000*	Sold
FY 2007	Meat Processing Facility MMM&S	Palmer	\$1,200,000	0
FY 2007	Unimproved Lot 7 acres	Kenai	\$19,500	0
FY 2010	Non-Ag Residential 39 acres	Anchor Point	\$150,000	0
FY 2010	Dairy Farm 102 acres	Delta	\$409,000	0

*This property was offered in FY 06. The sale was not completed and it was re-offered and sold in FY 07 for \$1,450,000.

Analysis of results and challenges: Agricultural land and equipment disposals are averaging 3-6 months to complete from the time the BAC authorizes disposal. This transfers facilities from State ownership to the private sector. Effort towards privatization of ARLF assets continues to be a priority of the Division. Regulatory requirements regarding disposal of infrastructure assets require more time to complete the disposal process. An Ad Hoc committee was formed to make recommendations relating to the future of Mt. McKinley Meat & Sausage.

Component: Fire Suppression Preparedness

Contribution to Department's Mission

The Division contributes to the Department's mission in the fire suppression preparedness component by ensuring that the Division's wildland fire suppression resources are in a state of readiness to safely and cost-effectively initial attack wildland fires. This component supports the Department's mission by providing wildland fire protection on state, private and municipal lands in Alaska, commensurate with the values at risk.

Core Services

This component:

- Provides for delivery of services in the wildland fire suppression preparedness program as part of its' statutory responsibility under AS41.15.010.
- Provides personnel, fire training, equipment, facilities and related support activities for Alaska's wildland fire management program. Establishes fire fighting readiness.
- Promotes fire prevention.
- Provides training in Incident Command System and required areas.
- Certifies Fire Fighters to national standards.
- Provides for joint fire response with other government agencies.
- Strengthens local/state fire response.

End Results	Strategies to Achieve Results
<p>A: Provide wildland fire protection on state, private and municipal land commensurate with the values at risk.</p> <p><u>Target #1:</u> Provide safe, cost effective wildland fire protection services to the State of Alaska.</p> <p><u>Measure #1:</u> Loss of life and property resources as the result of a wildland fire, reported by fiscal year.</p>	<p>A1: Strategy to provide safe cost effective wildland fire protection: Provide appropriate management response to wildland fires that occur on State of Alaska protection areas. All statistics are recorded by fiscal year.</p> <p><u>Target #1:</u> Contain 90% of wildland fires within 10 acres on lands designated in "Critical" and "Full" (Urban Interface) management options in accordance with the Interagency Fire Management Plans (fiscal year reporting).</p> <p><u>Measure #1:</u> Percentage of fires contained at 10 acres or less in "Critical" and "Full" (Urban Interface), reported by fiscal year.</p> <p><u>Target #2:</u> Provide appropriate management response to all fires in "modified" and "limited" management option areas.</p> <p><u>Measure #2:</u> Percentage of fires of in "limited" and "Modified" protection areas that receive an appropriate management response.</p> <p>A2: Strategy - Strategy to maintain capability of firefighting forces: Provide training and fitness certification for state, local, volunteer and emergency firefighters.</p> <p><u>Target #1:</u> Maintain a qualified and certified state and local firefighting workforce to respond to wildland fires, reported by fiscal year.</p> <p><u>Measure #1:</u> Number of state, local and emergency firefighters trained, certified and prepared to respond to</p>

	<p>wildland fires from April 1 to August 31st annually, reported by fiscal year.</p> <p>A3: Strategy to reduce human-caused wildland fire starts: Aggressive prevention and educational campaign based on 'Firewise' principles.</p> <p><u>Target #1:</u> Raise public awareness of fire danger and hazard fuel mitigation options in urban and rural Alaska to prevent an increase the overall number of human caused fires.</p> <p><u>Measure #1:</u> Number of human caused fires in state protection and percentage of all fires that are human caused, per calendar year.</p> <p>A4: Strategy to maintain logistical, communication systems, warehousing and administrative support capability: provide dispatch, fire equipment warehousing, emergency procurement, and other administrative support to the wildland fire program.</p> <p><u>Target #1:</u> Maintain dispatch and logistical support capability to support wildland fire response.</p> <p><u>Measure #1:</u> Number of initial attack dispatch offices and logistics centers in 9 locations identified for allowing quickest response.</p> <p>A5: Strategy to maintain capability of aerial firefighting and aerial support resources.</p> <p><u>Target #1:</u> Maintain a combination of Federal Excess Property Program (FEPP) and contracted aircraft to provide a safe and cost effective aviation program in support of the fire management program.</p> <p><u>Measure #1:</u> Number of Contracted and FEPP State aircraft which are State operated.</p>
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Major Activities to Advance Strategies

- Initial attack and suppress fires in critical and full management options.
- Provide fire response vehicles and engines for roadside suppression activities.
- Provide fire support vehicles to meet logistical needs of fire equipment, aircraft and personnel.
- Provide a combination of contract, leased & federal excess helicopter, air tanker, & fixed wing aircraft services for aerial firefighting & logistics.
- Provide appropriate fire management response to other lands as identified in the Alaska Interagency Wildland Fire Management Plan.
- Develop expansion plans for dispatch and warehouse facilities and offices.
- Manage, train and prepare 27 16 person Type 2 EFF crews for employment.
- Manage two 20 person Type 1 crews for fire suppression and hazard mitigation assignments.
- Manage one native corporation funded Type 2 crew for
- Participate in the Northwest Fire Compact with northwestern states and Canadian provinces.
- Administer Volunteer Fire Assistance federal grant program.
- Actively manage open debris burning through issuing burn permits facilitating open burning closures to minimize costly human-caused fire starts.
- Provide public information and education on fire prevention, provide fire danger signs and burn restrictions.
- Issue and track burn permits.
- In cooperation with the interagency community, host regional Firewise workshops.
- Coordinate with cooperating agencies to eliminate costly duplicative preparedness activities.
- Evaluate fire suppression management options to ensure the appropriate level of protection is being provided to state, municipal, and private lands.
- Develop cost-effective alternatives to traditional fire

Major Activities to Advance Strategies

- development as a Type 1 crew.
- Provide annual fireline safety refresher training; provide firefighter training in accordance with NWCG guidelines to maintain a qualified work force.
- Negotiate and manage cooperative firefighting agreements with state, federal and local governments.
- suppression strategies through the Wildland Fire Situation Analysis process.
- Contract with Alaska vendors for services, supply and equipment to be provided during suppression actions statewide.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$16,392,400

Personnel:

Full time	32
Part time	180
Total	212

Performance Measure Detail

A: Result - Provide wildland fire protection on state, private and municipal land commensurate with the values at risk.

Target #1: Provide safe, cost effective wildland fire protection services to the State of Alaska.

Measure #1: Loss of life and property resources as the result of a wildland fire, reported by fiscal year.

Structures and Lives lost to wildland Fire

Year	Lives Lost	Structures Lost
2004	0	36
2005	0	1
2006	0	17

Analysis of results and challenges: There has been no loss of life due to wildland fire since the state began fire protection services in the 1970s. Structural and other private property losses in the past three years were comparatively modest given that 2004 and 2005 were the 1st and 3rd most active fire seasons, in terms of acres burned, since records have been kept. The Parks Highway Fire, which started in June 2006, destroyed two primary residences, 14 outbuildings, and burned up to the doorstep of many more in the town of Nenana. A fire on Sunset Road in the Mat-Su Valley also destroyed a primary residence before being contained by the Division of Forestry. These numbers do not reflect the number of houses saved by the actions of Division of Forestry personnel and its cooperators. On the Parks Highway fire alone, direct action by firefighters saved dozens of houses, a fuel tank farm (with fuel in the tanks), a number of businesses, many more out buildings, and, likely, the community of Nenana. The number of structures saved is a more significant reflection of this performance measure, but is difficult to quantify. Due to the uncertain nature of wildland fire, a direct year to year comparison of losses is not a true measure of success. The location of fire starts, weather, fuel characteristics, work done in advance by homeowners to protect their own property, and a myriad of other factors that are not controlled by the Division of Forestry all play into the degree of loss experienced in a single year. A better indication of success would be the loss of life and property that did not occur due to a safe, cost effective fire protection program, but events that do not occur are difficult to measure.

A1: Strategy - Strategy to provide safe cost effective wildland fire protection: Provide appropriate management response to wildland fires that occur on State of Alaska protection areas. All statistics are recorded by fiscal year.

Target #1: Contain 90% of wildland fires within 10 acres on lands designated in "Critical" and "Full" (Urban Interface) management options in accordance with the Interagency Fire Management Plans (fiscal year reporting).

Measure #1: Percentage of fires contained at 10 acres or less in "Critical" and "Full" (Urban Interface), reported by fiscal year.

Percentage Critical/Full Fires under 10 acres

Fiscal Year	YTD Total
FY 2001	98.0%
FY 2002	90.0%
FY 2003	93.0%
FY 2004	96.4%
FY 2005	94.0%
FY 2006	92.6%

Analysis of results and challenges: Percentage of fires kept at 10 acres or less in "Full" and "Critical" protection reflects the success of initial attack and reflects effective cost management by preventing large fires which keeps the cost of protection lower. Factors impacting this success include early detection, response time to wildland fire incidents, weather and fuels conditions, and availability of resources.

Target #2: Provide appropriate management response to all fires in "modified" and "limited" management option areas.

Measure #2: Percentage of fires of in "limited" and "Modified" protection areas that receive an appropriate management response.

Year	YTD Total
2005	100%
2006	100%

Analysis of results and challenges: This is a new measure. Success in the "Limited" and "Modified" fire management option areas cannot generally be measured by the number or size of fires, since these are primarily natural (lightning) caused fires and suppression actions are not normally aimed at keeping the fire to the smallest possible size. Success is a function of implementing strategies that meet land managers resource objectives while protecting sites that have been identified in the Alaska Interagency Fire Management plan as warranting protection. Number of critical sites protected on Federal protection in "Modified" and "Limited" areas have not been historically tracked. Success in receiving Appropriate Management Response is indicated by following pre-planned actions identified in the Alaska Interagency Fire Management Plan or as otherwise directed in writing by the affected land management agency.

A2: Strategy - Strategy - Strategy to maintain capability of firefighting forces: Provide training and fitness certification for state, local, volunteer and emergency firefighters.

Target #1: Maintain a qualified and certified state and local firefighting workforce to respond to wildland fires, reported by fiscal year.

Measure #1: Number of state, local and emergency firefighters trained, certified and prepared to respond to wildland fires from April 1 to August 31st annually, reported by fiscal year.

State/Local EFF firefighters Trained/Certified

Fiscal Year	YTD Total	*3 Year Avg
FY 2001	1669	
FY 2002	1360	
FY 2003	1912	1647
FY 2004	1534	1602
FY 2005	1812	1520
FY 2006	1500	1541

** This is a new measure. A rolling three year average may be a better measure of ability to maintain a qualified workforce and will be evaluated in 2006.*

Training is accomplished in the 4th quarter of each year.

Analysis of results and challenges: Efficient, cost effective, and successful initial attack relies on the highly trained seasonal DOF firefighters, structure/volunteer local fire departments, local Emergency Fire Fighters and EFF Crews. Annual training and certification ensures the availability of this workforce when needed during fire activity. This on-call force, maintained through agreements saves the State millions in not having a larger state firefighter workforce as regular employees when not needed. Variation in the number of individuals trained year to year is largely due to forces in the rural economy that relate to employment. In order to maintain Emergency Firefighter (EFF) crews in remote villages, training is delivered on a rotating basis to each village every three years. The number of potential students depends on the size of the village and other job opportunities that exist. The availability of instructors is also dependant on fire occurrence. The instructor pool is comprised of seasonal firefighters who must also respond to fires, which are increasingly occurring earlier in the season when most training is conducted, creating conflicts between fighting actual fires and training firefighter crews.

A3: Strategy - Strategy to reduce human-caused wildland fire starts: Aggressive prevention and educational campaign based on 'Firewise' principles.

Target #1: Raise public awareness of fire danger and hazard fuel mitigation options in urban and rural Alaska to prevent an increase the overall number of human caused fires.

Measure #1: Number of human caused fires in state protection and percentage of all fires that are human caused, per calendar year.

Human Caused Fires/State Protection/CY

Year	YTD Total	
2001	279	94%
2002	320	80%
2003	339	95%
2004	330	84%
2005	296	65%
2006	218	81%

** This is a new measure that will be calculated and tracked beginning in 2006.*

Analysis of results and challenges: Wildland fires in Alaska are started either by lightning or by human activity. Human caused fires can be prevented or mitigated by raising the public awareness of fire danger and how to apply Firewise principles to reduce the loss from fire. The overall trend of human caused fires as a percentage of all fire starts is downward, which indicates that fire prevention activities have been successful. However increased lightning activity in recent years as well as population increases has skewed this data somewhat. As Alaska's population increases, so does the number of potential human caused fires. An additional

challenge is quantifying the fires that are prevented. It is difficult to determine how many fires did not start.

A4: Strategy - Strategy to maintain logistical, communication systems, warehousing and administrative support capability: provide dispatch, fire equipment warehousing, emergency procurement, and other administrative support to the wildland fire program.

Target #1: Maintain dispatch and logistical support capability to support wildland fire response.

Measure #1: Number of initial attack dispatch offices and logistics centers in 9 locations identified for allowing quickest response.

Number of dispatch and logistics offices

Year	YTD Total
2002	10
2003	10
2004	9
2005	9
2006	9

Analysis of results and challenges: The reduction from 10 to 9 dispatch offices in 2004 reflects the consolidation of the Northern and Coastal Region logistics offices into one Statewide Logistics Center. This consolidation led to more efficient logistics support of large wildland fires while maintaining initial attack dispatch integrity. Dispatch offices have been located in nine offices that have been identified as facilitating the most efficient response of suppression resources.

A5: Strategy - Strategy to maintain capability of aerial firefighting and aerial support resources.

Target #1: Maintain a combination of Federal Excess Property Program (FEPP) and contracted aircraft to provide a safe and cost effective aviation program in support of the fire management program.

Measure #1: Number of Contracted and FEPP State aircraft which are State operated.

Aviation Fleet Maintained

Year	YTD Total
2002	13
2003	13
2004	13
2005	13
2006	13

Analysis of results and challenges: Effective wildland fire response requires a mixture of Detection, Air Attack, retardant and rotor-wing aircraft to meet different tactical and strategic missions in remote and urban-interface areas. The Division of Forestry aircraft fleet has remained stable for the last few years and continues to provide safe and cost effective support to the fire management program with these multiple missions. The renewal of a 5 year contracts for two of seven helicopters will occur in the late winter of 2006-2007 and it is expected that contract costs will increase from the previous contract period. With the demonstrated reduction of medium helicopters across the state and the likelihood of continued competition with private sector interests (such as oil & gas exploration), there is a need to replace these two light helicopter contracts with medium helicopters. Impact on the program will be unknown until contracts have been awarded.

Component: State Historic Preservation Program

Contribution to Department's Mission

The Office of History and Archaeology provides a historic preservation program to preserve and protect the historic, prehistoric and archaeological resources of Alaska.

Core Services

As the State of Alaska's historic preservation agency, the Office of History and Archaeology oversees statewide programs to identify, document, protect and restore sites and buildings, and to educate Alaskans and visitors about the state's heritage resources.

The Office of History and Archaeology and the Alaska Historical Commission provide policy and program advice to the Commissioner, Governor and Legislature concerning history and prehistory, historic sites and buildings, and geographic names.

The Office administers the national historic preservation program in Alaska, as set forth in the National Historic Preservation Act, and serves as State liaison to federal agencies, representing the State's interests in protecting its heritage resources. The national programs include historic preservation planning, survey, nomination to the National Register of Historic Places, public education and training, investment tax credits, project review, maintenance of a statewide inventory, and local government assistance through its Certified Local Government program. To carry out these programs, the Office of History and Archaeology seeks partnerships with local governments, Native organizations, historical societies, non-profit organizations, owners of historic properties, and federal and state agencies.

The Alaska Historical Commission promotes access to primary historic resources. Cooperative projects with other state agencies, such as the transcription of Judge Wickersham's diaries, help provide significant historical information to the public.

End Results	Strategies to Achieve Results
<p>A: Facilitate the Department's mission through protecting Alaska's heritage resources and providing state historic preservation programs to agencies, businesses and citizens of Alaska.</p> <p><u>Target #1:</u> Provide historic preservation programs to protect, identify, evaluate, record and mitigate historic properties.</p> <p><u>Measure #1:</u> Professional staff provided historic preservation program services in review/compliance, survey and inventory, local government historic preservation, National Register evaluation and listing, tax credits, education and training, and planning programs.</p>	<p>A1: Develop integrated database for historic preservation programs on DNR's Oracle map based data management system to improve business practices.</p> <p><u>Target #1:</u> Build data sets for program areas and develop relational database fields. Program relational database into Oracle. Develop mapping program to show site boundaries. Cumulative target FY06 70%, FY07 80%, FY08 90%, FY09 100%.</p> <p><u>Measure #1:</u> In FY 06, data sets for the review/compliance, grants and tax credits programs were developed. Work on the National Register program data sets and site boundary mapping programs will continue in FY07.</p> <p>A2: Provide cultural resource survey and research services to all state agencies through RSAs, cooperative agreements and grants.</p> <p><u>Target #1:</u> Complete 10 reports for survey and research conducted in prior field season.</p> <p><u>Measure #1:</u> Number of surveys for cultural resources and other research projects completed annually.</p>

Major Activities to Advance Strategies

- Maintain Alaska Heritage Resource Survey site location information in Oracle and verify.
- Integrate state historic preservation program databases through DNR LRIS into DNR Oracle data management system.
- Enter existing and new data on completed portions of Oracle database.
- Enter new and updated historic site data on Alaska Heritage Resource Survey and provide information for development and land use planning.
- Digitize site boundaries, district boundaries and linear features for GIS data in the Oracle system
- Evaluate properties for historic significance and make determinations of eligibility for the National Register of Historic Places.
- Review and comment on development projects and other activities for impacts to cultural resources and compliance with laws and regulations.
- Consult with federal agencies as state liaison, representing the State's interest in protecting heritage resources.
- Provide policy and program advice to Governor and Legislature on history, archaeology and geographic names through the AK Historical Commission.
- Conduct cultural resource research and field surveys; prepare reports.
- Administer Alaska's Historic Preservation Certified Local Government program; provide training and grants.
- Develop, update, distribute and implement Alaska's State Historic Preservation Plan.
- Coordinate and plan special heritage initiatives and projects in cooperation with other agencies.
- Administer historic preservation grants program.
- Provide training, technical assistance, interpretation and education on Alaska's heritage and historic preservation programs.
- Assist development of elementary, secondary and post-secondary education programs and lesson plans about Alaska archaeological & historic resources.
- Use Alaska Archaeology Week/Month and Historic Preservation Week to increase visibility of historic preservation.
- Certify historic preservation investment tax credit projects.
- Administer the state's geographic names program.
- Issue field archaeological permits for archaeological research and survey on state lands in accordance with AS 41.35.080 and 11AAC16.020-16.090
- Support transcription of Judge Wickersham diaries and make them available on State of Alaska websites, a Alaska Historical Commission project.
- Review and process applications for archaeology permits on state lands.
- Review and comment on government agency land use planning documents and industry contingency hazardous spill planning documents.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$1,727,700

Personnel:

Full time	12
Part time	4
Total	16

Performance Measure Detail

A: Result - Facilitate the Department's mission through protecting Alaska's heritage resources and providing state historic preservation programs to agencies, businesses and citizens of Alaska.

Target #1: Provide historic preservation programs to protect, identify, evaluate, record and mitigate historic properties.

Measure #1: Professional staff provided historic preservation program services in review/compliance, survey and inventory, local government historic preservation, National Register evaluation and listing, tax credits, education and training, and planning programs.

Analysis of results and challenges: To maintain eligibility to receive the Historic Preservation Fund (HPF) grant the Alaska State Historic Preservation Office must provide a core professional staff and a basic level of services in a number historic preservation programs. Through end-of-year reports and annual applications for the HPF grant, the state program is annually reviewed and certified as an eligible program.

A1: Strategy - Develop integrated database for historic preservation programs on DNR's Oracle map based data management system to improve business practices.

Target #1: Build data sets for program areas and develop relational database fields. Program relational database into Oracle. Develop mapping program to show site boundaries. Cumulative target FY06 70%, FY07 80%, FY08 90%, FY09 100%.

Measure #1: In FY 06, data sets for the review/compliance, grants and tax credits programs were developed. Work on the National Register program data sets and site boundary mapping programs will continue in FY07.

Year	YTD Total
2002	5
2003	15
2004	10
2005	15
2006	20
2007	10

In FY2006, the database conversion project changed strategy to better integrate the Office of History and Archaeology's data with The Department of Natural Resources new integrated business system currently under development. The focus in FY 2006 and FY 2007 is developing compatible data sets and programming.

Analysis of results and challenges: DNR LRIS continues work on building an integrated business system which will implement GIS capabilities. The integrated record business system incorporates relevant data from several programs, including AHRs statewide inventory, review & compliance, National Register of Historic Places, survey report citations, permitting, grants, tax credits, and historic signs. The Office of History and Archaeology and LRIS are developing strategy for digitizing map data for use with a GIS system which will display site boundaries, district boundaries and linear sextants as points, lines or polygons. Strategies are being developed to ensure compatibility with DNR's integrated business system. FY05 work focused on Office of History and Archaeology's citations database which is complete and operational, providing an internal internet application for searching cultural resources survey reports and associated database records. Selected environmental and land planning staff in the Departments of Transportation and Natural Resources have internet access to the Alaska Heritage Resource Survey and citations information, which has helped reduce costs and streamline the project development and environmental review process. FY06 work focused on developing and refining data sets for historic preservation program areas. FY07 work continues refining the data set development and product analysis. Testing map digitization strategies continues, with a move to production upon acceptance of mapping strategy.

A2: Strategy - Provide cultural resource survey and research services to all state agencies through RSAs, cooperative agreements and grants.

Target #1: Complete 10 reports for survey and research conducted in prior field season.

Measure #1: Number of surveys for cultural resources and other research projects completed annually.

Year	YTD Total
2002	13
2003	27
2004	24
2005	6
2006	9
2007	0

In 2006, nine reports were completed. One of the reports, on the McCarthy Road project, was a several year project. The other reports documented results of cultural resource survey results for projects of one or two field seasons of work. For the FY06 and FY07 seasons, the staff are working on both large multi-year projects as well as smaller single season projects. The Office of History and Archaeology continues to receive fewer requests for small, short-term survey projects from the Department of Transportation.

Analysis of results and challenges: Surveys are conducted in the summer and fall and reports written in the winter. Most requests for survey and research services come from the Department of Transportation and the Department Natural Resources. The surveys facilitate state land activities and development by providing information on the location and significance of historic and archaeological sites. This information is used by project managers in the design phase of projects to minimize the impacts to historic sites, thereby reducing costs. The information is also used to develop mitigation plans when adverse impacts cannot be avoided. The number of reports will vary depending on staffing levels and the size and complexity of individual projects.

The new or updated site information contained in reports is entered on the Alaska Heritage Resource Survey database, making the data easily available at the project planning or design stage. The table with the survey project results is reported in the federal fiscal year to be consistent with required federal historic preservation grant annual reports.

Component: Parks Management

Contribution to Department's Mission

The Division of Parks and Outdoor Recreation provides Alaskans and state visitors outdoor recreational and economic opportunities to enhance their quality of life.

Core Services

Keeping all the parks open, clean, safe and well maintained.

Provide outdoor recreation opportunities in State Parks.

Promote and develop recreation and tourism as an industry.

1) **Park Maintenance and Operations** provides for: repair and replacement of worn or vandalized facilities, refuse collection, volunteer support, janitorial maintenance, latrine pumping, painting, installing signs, printing park brochures, develop and maintain visitor information kiosks, water testing, trail maintenance, road grading, snow removal, telephone service, purchase and repair of tools and equipment, and compliance with health and safety practices required by OSHA.

2) **Public Safety:** The presence of trained staff deters crime and behavior disruptive to park visitors, they render first aid to accident victims, they help coordinate search and rescue missions, they educate visitors about wildlife and other natural hazards. Twenty-eight Park Rangers are commissioned as Peace Officers.

3) **Resource Management:** Park staff manages public use at 121 state park units spread across 3.3 million acres, much of which is intensely used. This use often requires careful supervision and community involvement to balance conflicting activities, to evaluate and mitigate the impacts of natural occurrences, such as avalanches or disastrous flooding, or to minimize human impacts such as river bank degradation from angler foot traffic.

4) **Volunteerism:** Recruit, train and supervise over 850 persons volunteering for jobs from campground hosts, ranger assistants, trail maintenance crew members or visitor information providers to crime stoppers in our Park Watch program. Fourteen park advisory boards help park managers involve the local community in local park issues.

5) **Commercial Use and User Fee Management:** operate the necessary infrastructure and staffing to collect and account for over \$2.5 million in user fees, collected at 64 sites and 45 public use cabins. Permit over 800 commercial operators to provide for park-based tourism business opportunities while ensuring client safety and resource protection and reducing conflicts with non-commercial park users.

6) **Manage Outsourced Operations:** Forty-four separate facilities within twenty-five state parks are under private concession management and include historic sites, nature centers, day use areas and numerous campgrounds. Parks also manages two concession contracts that include a tractor launch in the Kenai Peninsula and a historic site near Delta Junction.

End Results	Strategies to Achieve Results
<p>A: Provide safe and healthy park facilities with good access to Alaska residents and visitors.</p> <p><u>Target #1:</u> Maintain 121 park units accessible to not less than 4 million recreation visitor days annually.</p> <p><u>Measure #1:</u> Number of park units open and available to the public.</p> <p><u>Target #2:</u> Number of park units open and available to the public at service levels consistent with prevailing health</p>	<p>A1: Provide high-quality, safe and affordable recreational, educational, and interpretive opportunities.</p> <p><u>Target #1:</u> Maximize revenue collection to meet the yearly collection figure mandated by the legislature and to help fund parks and programs, while maintaining affordability of parks.</p> <p><u>Measure #1:</u> Amount collected in fees</p>

and safety standards.

Measure #2: Number of parks meeting health and safety standards.

Target #2: Increase lesser-used facilities, along with non-peak times at busier facilities by 5% to maximize the utilization of parks.

Measure #2: Percent change in revenue from facilities that have never been utilized to capacity.

A2: Ensure that all park grounds, equipment and facilities are well maintained at a standardized level that enhances safety, maximizes equipment and facility lifespan, and meets public expectations.

Target #1: Parks will conduct 100% annual Risk Management safety inspections and correct any deficiencies in a timely manner

Measure #1: Percent of inspections completed.

Target #2: 100% of park units will utilize a database program to inventory and track maintenance and all division-owned equipments.

Measure #2: Percent of database completed.

A3: Provide effective administration and accountability for all park programs

Target #1: 100% compliance with all applicable procurement, accounting, and grant management requirements.

Measure #1: Percent of compliance with all budget requests and performance reports submitted timely, all requests for information responded to completely and timely, all accounts balance.

Target #2: Assist field staff by providing recruitment for 700 volunteers annually.

Measure #2: Number of volunteers recruited annually.

A4: The Division will encourage appropriate private sector enterprises through park concession agreements that provide services for park visitors that are outside the division expertise or mission.

Target #1: Increase partnerships and concession opportunities for the private sector by 3% in the state park system.

Measure #1: Number of commercial use permits and commercial contracts.

Target #2: Increase the dollars generated from commercial operators by 5%.

Measure #2: Percent of income generated from commercial operators.

Major Activities to Advance Strategies

- Facilitate strategic planning and budget development.
- Represent division's plan to legislature and to public.
- Seek alternative ways of managing park units.
- Seek appropriate transfer of park units to other
- Provide emergency assistance to park visitors as needed.
- Administrative policy for collecting fees, recording receipts.

Major Activities to Advance Strategies

- entities.
- Seek park management efficiencies.
- Liaison with other state and local government units.
- Safety and law enforcement policy development.
- Natural Resource protection policy development and implementation.
- Liaison with larger law enforcement/peace officer community.
- Plan park development to minimize user conflict and protect resources.
- Reduce expenses caused by vandalism and disruptive behavior.
- Assist with search and rescue operations.
- Control and accountability for accounting and procurement practices and procedures.
- Prepare annual operating budget with supporting documentation.
- Prepare annual personal services management plan with supporting documentation.
- Create area and division spending plans to ensure Parks are managed within all fiscal and administrative constraint.
- Evaluate advertising opportunities to maximize exposure.
- Respond to 75 requests for volunteer position information per month.
- Identify units that offer viable contracting opportunities for private operation.
- Expand opportunities for guide or concession operations.
- Create balanced fee structure.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$7,855,200

Personnel:

Full time	43
Part time	38
Total	81

Performance Measure Detail

A: Result - Provide safe and healthy park facilities with good access to Alaska residents and visitors.

Target #1: Maintain 121 park units accessible to not less than 4 million recreation visitor days annually.

Measure #1: Number of park units open and available to the public.



Analysis of results and challenges: All 121 parks remained safe open and available, and we received more than 4 million visits in our park units on an annual basis. Forty-four facilities within twenty-five parks units are now managed by private contractors.

For FY07 Parks Management will be analyzing the effectiveness of the current private management program. The challenges represented by private management are the issues of deferred maintenance at contracted facilities and Parks providing staff for law enforcement and contract management.

Target #2: Number of park units open and available to the public at service levels consistent with prevailing health and safety standards.

Measure #2: Number of parks meeting health and safety standards.

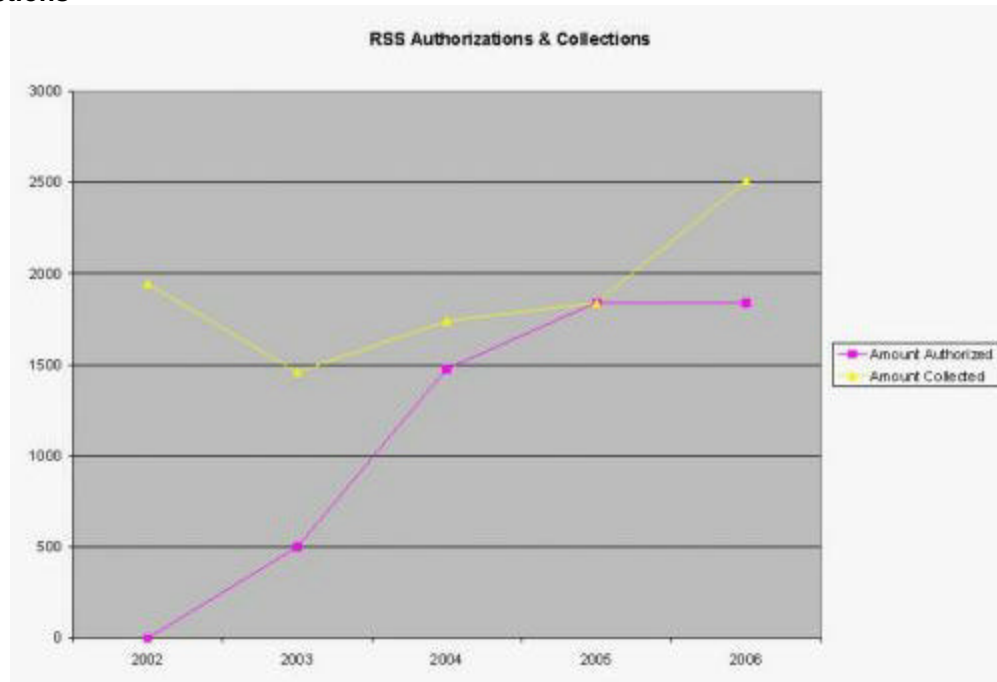
Analysis of results and challenges: All 121 parks are meeting prevailing health and safety standards.

A1: Strategy - Provide high-quality, safe and affordable recreational, educational, and interpretive opportunities.

Target #1: Maximize revenue collection to meet the yearly collection figure mandated by the legislature and to help fund parks and programs, while maintaining affordability of parks.

Measure #1: Amount collected in fees

Park Collections



Analysis of results and challenges: Parks is on target for this goal for FY2007.

Target #2: Increase lesser-used facilities, along with non-peak times at busier facilities by 5% to maximize the utilization of parks.

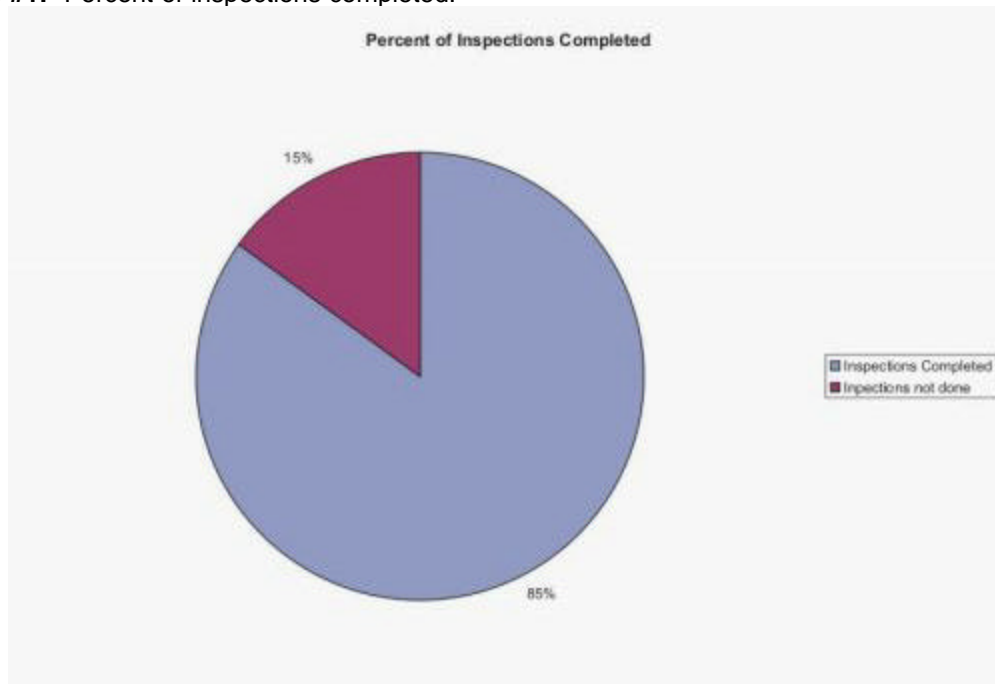
Measure #2: Percent change in revenue from facilities that have never been utilized to capacity.

Analysis of results and challenges: At this time Parks is meeting this goal. An analysis of capacity is being completed on each park unit and opportunities to increase capacity are being explored state wide.

A2: Strategy - Ensure that all park grounds, equipment and facilities are well maintained at a standardized level that enhances safety, maximizes equipment and facility lifespan, and meets public expectations.

Target #1: Parks will conduct 100% annual Risk Management safety inspections and correct any deficiencies in a timely manner

Measure #1: Percent of inspections completed.



Analysis of results and challenges: Parks has completed approximately 85% of these inspections as parks were closed for the season. The remaining 15% should be completed by the end of the calendar year 2006.

Target #2: 100% of park units will utilize a database program to inventory and track maintenance and all division-owned equipments.

Measure #2: Percent of database completed.

Analysis of results and challenges: At this time the database is being designed and is scheduled for state-wide implementation in the last quarter of calendar year 2006.

A complete inventory of all park assets was completed in all areas prior to October 31st.

A3: Strategy - Provide effective administration and accountability for all park programs

Target #1: 100% compliance with all applicable procurement, accounting, and grant management requirements.

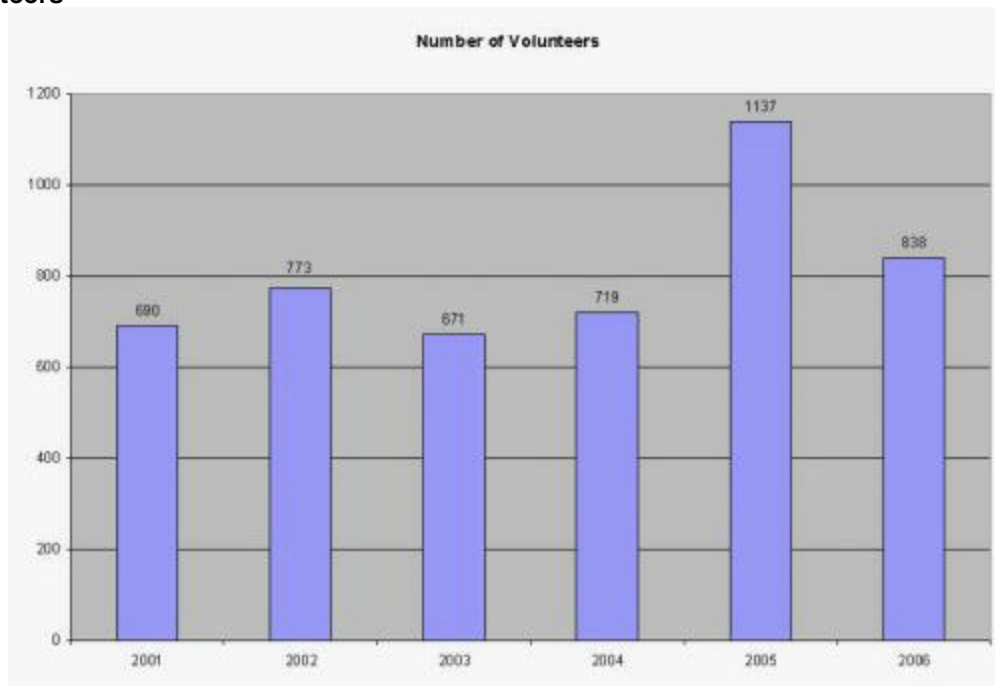
Measure #1: Percent of compliance with all budget requests and performance reports submitted timely, all requests for information responded to completely and timely, all accounts balance.

Analysis of results and challenges: Alaska State Parks is on target for this measure.

Target #2: Assist field staff by providing recruitment for 700 volunteers annually.

Measure #2: Number of volunteers recruited annually.

Park Volunteers



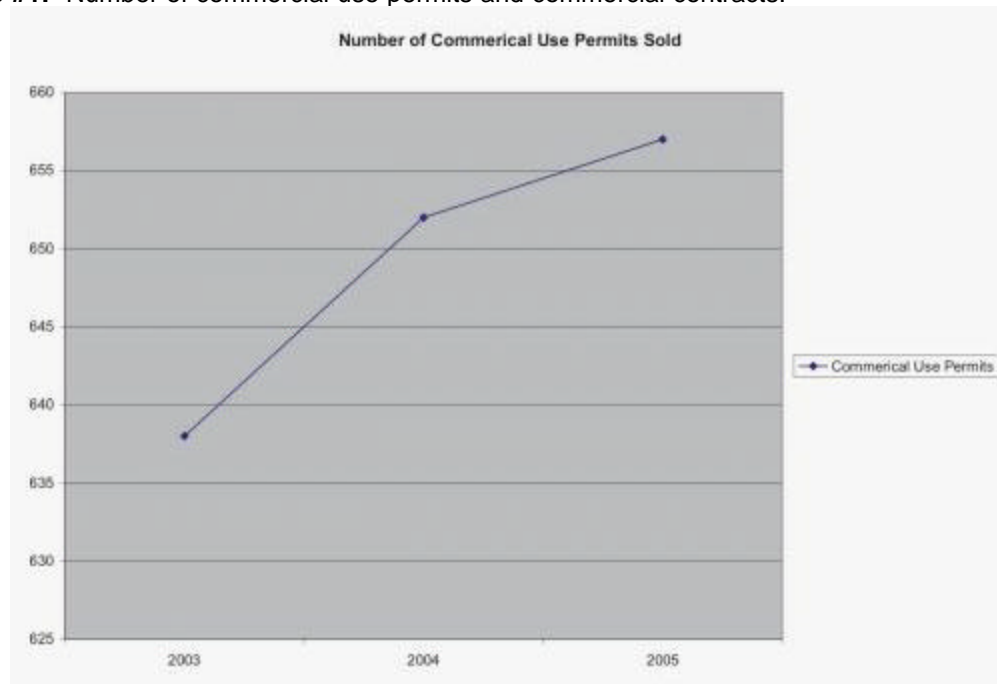
Analysis of results and challenges: Alaska State Parks recruited 838 volunteers during the fiscal year 2006. State Parks is very proud of its much needed volunteer program that helped to provide over 90,207 man hours.

Recruitment for 2007 volunteers is currently under way.

A4: Strategy - The Division will encourage appropriate private sector enterprises through park concession agreements that provide services for park visitors that are outside the division expertise or mission.

Target #1: Increase partnerships and concession opportunities for the private sector by 3% in the state park system.

Measure #1: Number of commercial use permits and commercial contracts.



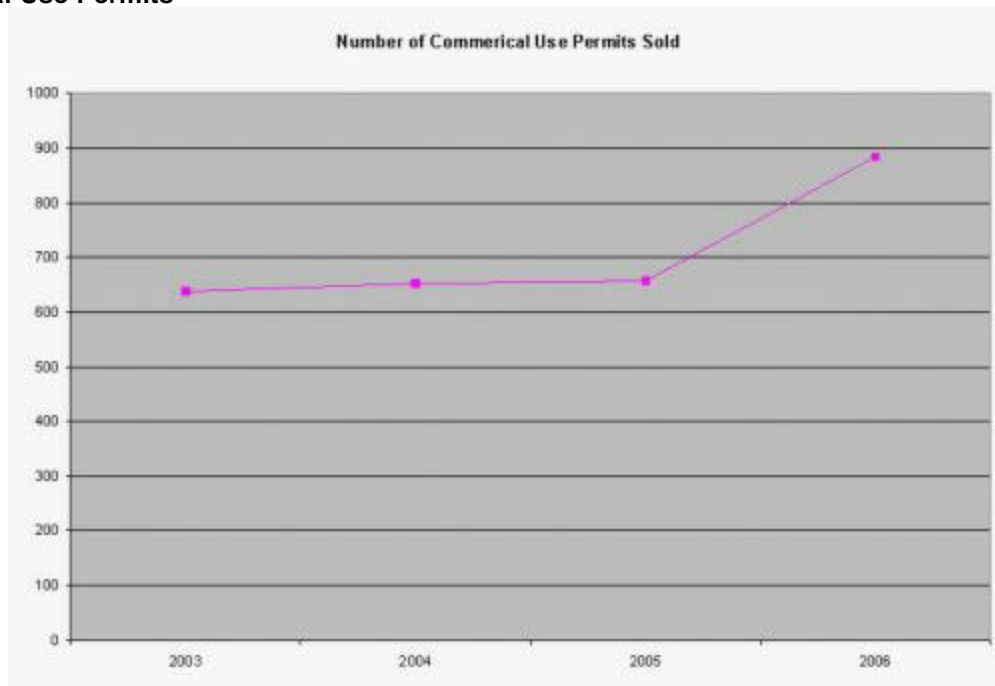
Analysis of results and challenges: Final Data on fiscal year 2006 is not available at this time. We did have an increase of 40 commercial use permits on the Kenai River alone. For fiscal year 2005 the number of commercial use permits sold increased from 638 in fiscal year 2003 to 657.

Commercial Use Permits are sold on a calendar year basis. The 2006 season still has permits being sold and appears to be on target.

Target #2: Increase the dollars generated from commercial operators by 5%.

Measure #2: Percent of income generated from commercial operators.

Commercial Use Permits



Analysis of results and challenges: This component is on target. Parks had a significant increase in the number of commercial use permits specifically for the Kenai River.

Component: Parks & Recreation Access

Contribution to Department's Mission

The Division of Parks and Outdoor Recreation provides outdoor recreation opportunities including development of local park and recreation facilities and programs; and conserves and interprets natural, cultural, and historic resources for the use, enjoyment, and welfare of the people.

Core Services

Keeping all State Parks open, clean, safe and well maintained.

Provide outdoor recreation opportunities in Alaska.

Provide facility and design construction for State Parks.

A. Facility design and construction: Access to park resources is improved and expanded through coordinated site planning with local communities. Design, engineering and construction management will be done by parks staff with actual construction done by private sector contractors. Access includes new or improved trails, boat launch ramps, docks, campgrounds, public use cabins, and trailhead parking lots. To the extent possible, all facilities are designed to comply with the Americans with Disabilities Act (ADA) guidelines.

B. Improve public health and safety: Developing roadside scenic overlooks provides travelers with a safe, off the road facility from which to view Alaska's scenic and wildlife wonders. Regularly spaced roadside rest areas provide the public with clean and regularly serviced toilets.

C. Trail development and administration: Creating a coordinated statewide trail system for all seasons with motorized and non-motorized trails for residents, and to support the visitor industry. Protection of existing trail system through easements acquisition and dedication. Develop trail standards to be used throughout the state.

D. Grants Administration: Support for outdoor recreation opportunities beyond state park boundaries is provided by two federal grants programs and one state grant program administered by Parks; Recreational Trails Program (RTP) and Land and Water Conservation Fund (LWCF). RTP provides grants from federal funds to agencies, local governments, trail clubs and organizations. Snowmobile registration fees are used to fund snowmobile trail grants. Parks gives snowmobile grants to agencies, local governments, trail clubs and organizations.

E. Promote and enhance safe, enjoyable boating in Alaska: Increase public awareness, and the knowledge, skills, and abilities of Alaska's boaters by providing Alaska relevant boating education programs and educational materials.

F. Provide Interpretive and Education Opportunities: Develop displays containing safety, educational and informational messages to aid the visitor's welfare and enjoyment of cultural and natural resources. Management of the natural and cultural resources will be improved by the development of interpretive displays that will educate and inform the visitors about specific resource topics and concerns.

End Results	Strategies to Achieve Results
<p>A: Provide safe and healthy park facilities with good access to Alaska residents and visitors.</p> <p><u>Target #1:</u> Maintain 121 park units accessible to not less than 4 million recreation visitor days annually.</p> <p><u>Measure #1:</u> Number of park units open and available to the public.</p> <p><u>Target #2:</u> Reduce Alaska's non-commercial boating</p>	<p>A1: Address current \$49.0 million of deferred maintenance in order to provide for health, safety and better quality facilities to the public.</p> <p><u>Target #1:</u> Keep deferred maintenance backlog growth under 3%.</p> <p><u>Measure #1:</u> Percent of deferred maintenance backlog growth</p>

<p>fatality rate by 10 percent.</p> <p><u>Measure #2:</u> Percentage of reduction in non-commercial fatalities per 100,000 boats when comparing two 5 year averages over the previous 10-year period.</p>	<p>A2: Manage Boating Safety Education Program to take advantage of benefits available to the state under 46 U.S.C. 13101-13110 and ensure qualification for funding under 46 U.S.C.</p> <p><u>Target #1:</u> Train at least 20 instructor candidates.</p> <p><u>Measure #1:</u> Number of boating safety instructors trained.</p> <p><u>Target #2:</u> Provide 1000 life jackets to the "Kids Don't Float" program.</p> <p><u>Measure #2:</u> Number of life jackets provided to the program.</p> <p><u>Target #3:</u> Add at least 10 new boating safety instructors to the state instructor registry.</p> <p><u>Measure #3:</u> Number of new instructors added to the state registry.</p>
End Results	Strategies to Achieve Results
<p>B: Provide for the enhancement of recreational opportunities for Alaskans through the partnership and administration of federal and state grant programs.</p> <p><u>Target #1:</u> 95% of the grants awarded address issues as outlined by recreational users in the 2004 SCORP.</p> <p><u>Measure #1:</u> Percent of grants that address issues outlined in the 2004 SCORP</p>	<p>B1: Management of Federal Grant Programs.</p> <p><u>Target #1:</u> Obtain and provide stewardship for Land and Water Conservation Fund, Forest Legacy, Coastal Wetlands and National Recreational Trail grants.</p> <p><u>Measure #1:</u> Number of planned projects successfully completed.</p>

Major Activities to Advance Strategies

<ul style="list-style-type: none"> • Increase revenue stream to level above operation needs. • Partner with DOT/F&G to identify joint projects, alternative funding. • Administer Parks Capital Improvement Program. • Provide Engineering Support for maintenance and operations in the state park system. • Implement policies and procedures for construction of park facilities. • Oversee park site planning, engineering, construction, and development of interpretive programs. • Promote ADA standards for rehab of existing facilities and for new construction. • Partner with DOT to design and operate roadside safety rest areas in or adjacent to park units. • Provide Recreational trail and snowmobile grant programs to local communities for trail construction and maintenance. • Create a coordinated statewide trail system for all seasons with motorized and non-motorized trails for residents, and to support • the visitor industry. • Provide protection for the existing trail system through easements acquisition and dedication. 	<ul style="list-style-type: none"> • Planning and management assistance to recreation user groups, private industry, and other public agencies. • Identify sufficient match funds to receive at least 80% of the federal funds authorized by the US Coast Guard for the state of Alaska for the boating • safety program • Administer the development of interpretive displays • Oversee the interpretive developments in the site planning process • Meet 100% of the statutory requirements of AS 05.25 • Qualify for at least 80% of the federal funds authorized by the US Coast Guard for the Boating Safety Program • Produce educational materials and messages relevant to Alaska's urban and rural boaters. • Produce boating safety education programs for children and other high risk groups. • Train, certify, and support boating safety instructors. • Provide regulatory interpretive assistance to agencies and the public. • Provide for a state uniform waterway marking system.
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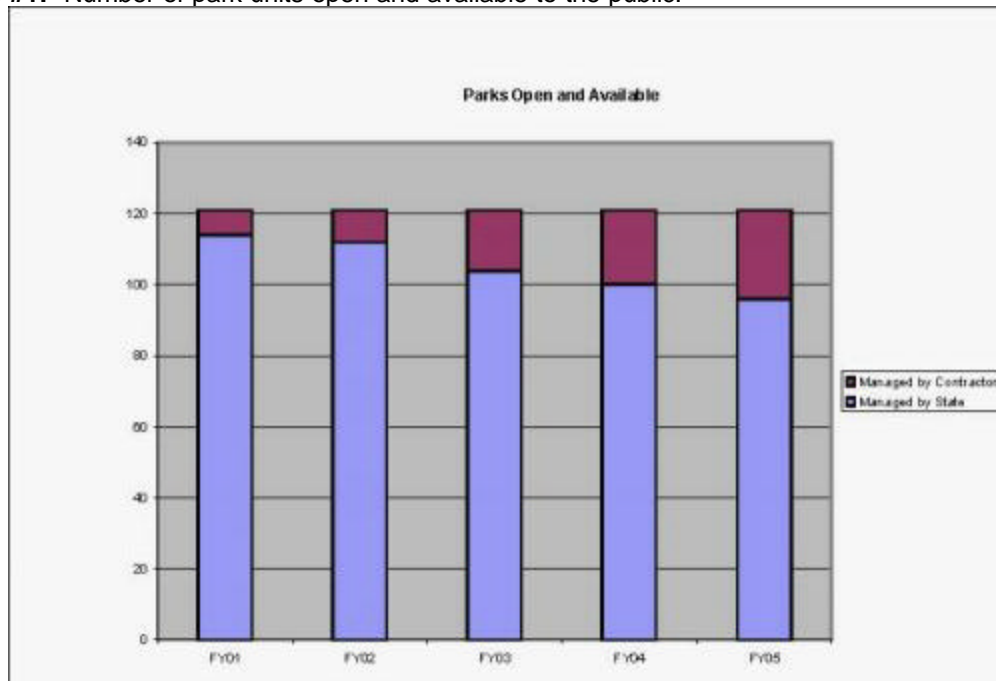
FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,070,000

Personnel:

Full time	21
Part time	3
Total	24

Performance Measure Detail

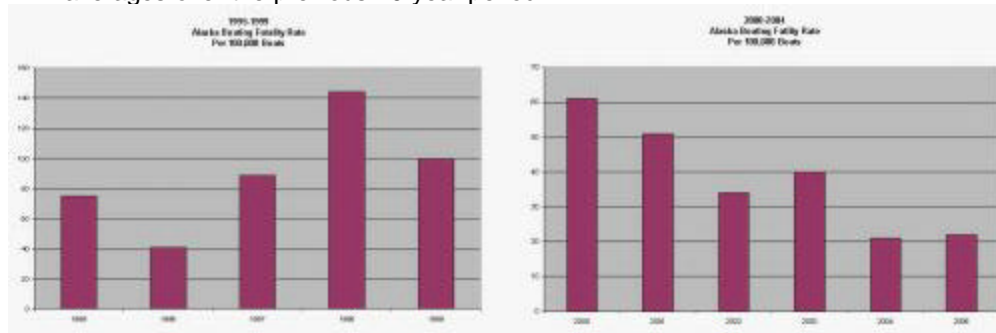
A: Result - Provide safe and healthy park facilities with good access to Alaska residents and visitors.**Target #1:** Maintain 121 park units accessible to not less than 4 million recreation visitor days annually.**Measure #1:** Number of park units open and available to the public.

Analysis of results and challenges: All 121 parks remained safe, open, available, and received more than 4 million visits on an annual basis. Forty-four facilities within twenty-five parks units are now managed by private contractors.

For FY07 Parks Management will be analyzing the effectiveness of the current private management program. The challenges represented by private management are the issues of deferred maintenance at contracted facilities and Parks providing staff for law enforcement and contract management.

Target #2: Reduce Alaska's non-commercial boating fatality rate by 10 percent.

Measure #2: Percentage of reduction in non-commercial fatalities per 100,000 boats when comparing two 5 year averages over the previous 10-year period.

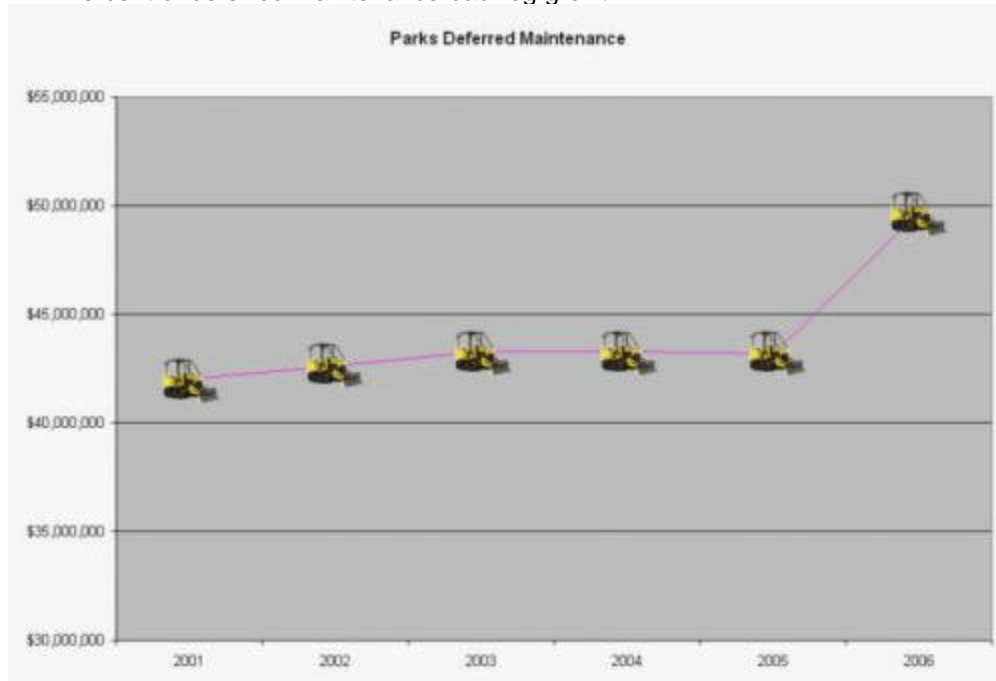


Analysis of results and challenges: Alaska's boating safety program has reduced the non-commercial boating fatality rate by more than 10 percent.

A1: Strategy - Address current \$49.0 million of deferred maintenance in order to provide for health, safety and better quality facilities to the public.

Target #1: Keep deferred maintenance backlog growth under 3%.

Measure #1: Percent of deferred maintenance backlog growth

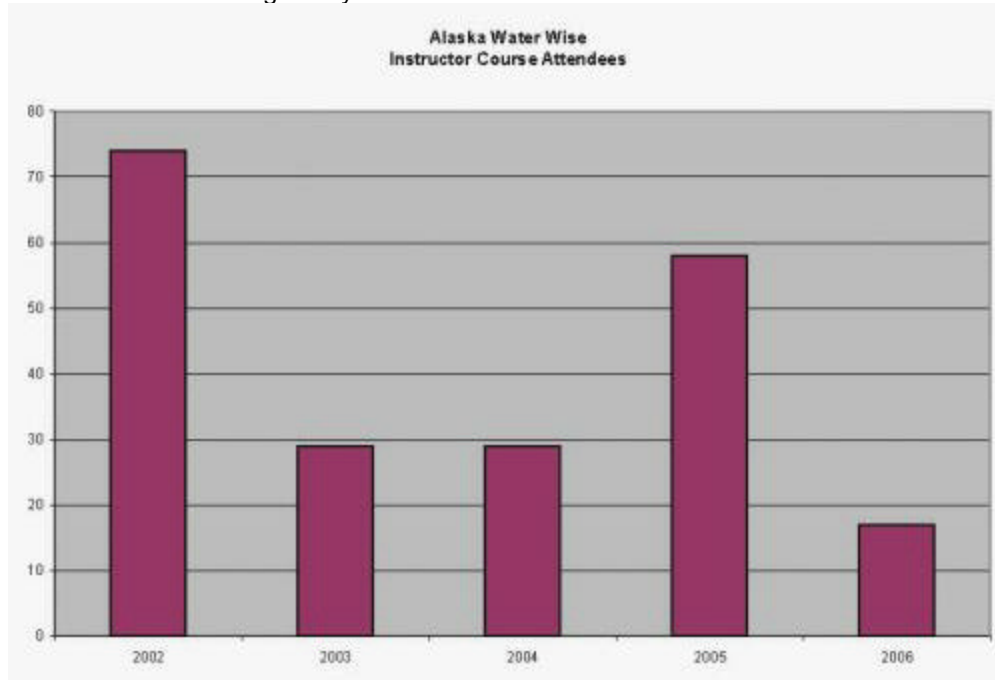


Analysis of results and challenges: This component is not on target. The inflation factor for the materials alone is 7% per annum. Deferred Maintenance is an on-going challenge for parks. As items are repaired or replaced others rot, break or fall into disservice. The majority of our parks were rehabilitated over 20 years ago and are now in dire need of repair.

A2: Strategy - Manage Boating Safety Education Program to take advantage of benefits available to the state under 46 U.S.C. 13101-13110 and ensure qualification for funding under 46 U.S.C.

Target #1: Train at least 20 instructor candidates.

Measure #1: Number of boating safety instructors trained.

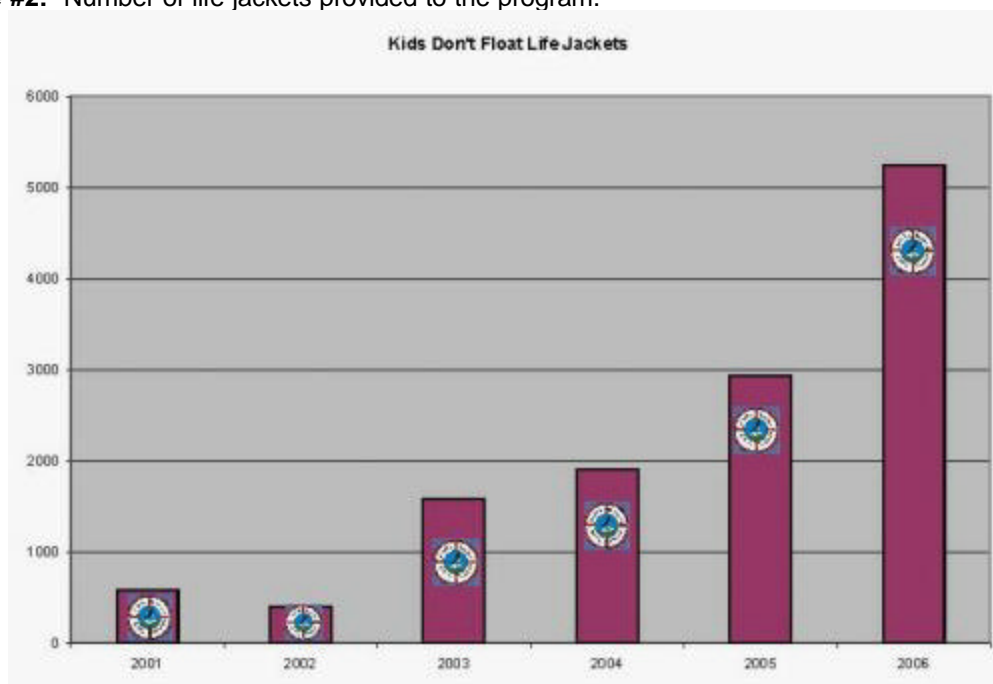


Analysis of results and challenges: The Boating Safety Program has met all requirements and obligation of the US Coast Guard grant.

The Boating Safety Office is currently in the process of creating a comprehensive training curriculum that will be available statewide.

Target #2: Provide 1000 life jackets to the "Kids Don't Float" program.

Measure #2: Number of life jackets provided to the program.

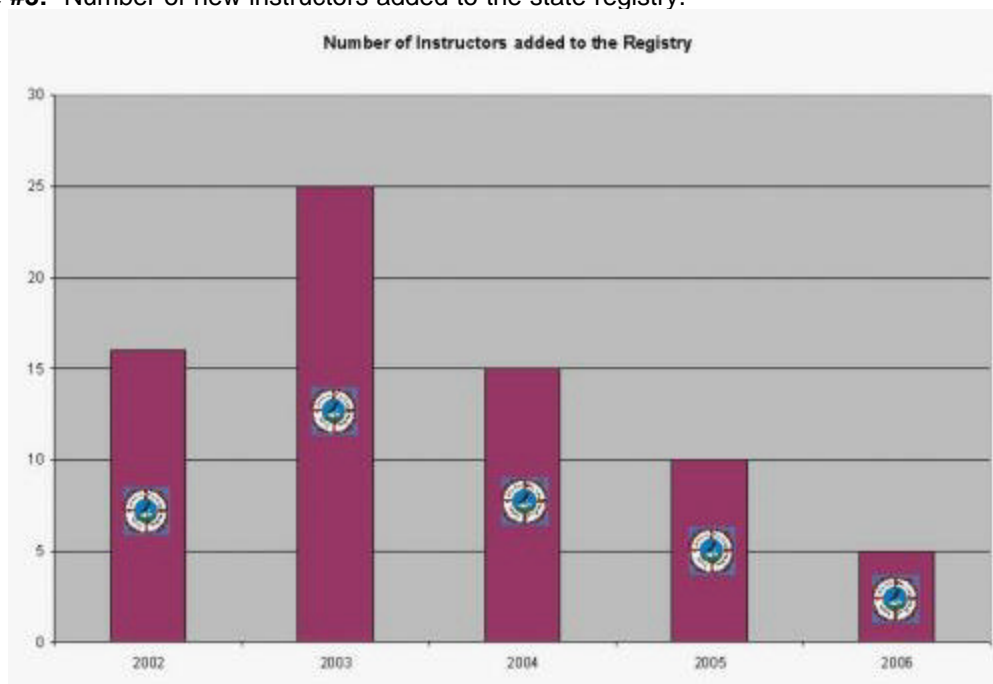


Analysis of results and challenges: Alaska State Parks has exceeded its target for the third year in a row. If trend continues into FY07 the target will be readjusted to reflect a new goal.

The Boating Safety Office is preparing to complete an assessment of need for the 2007 season.

Target #3: Add at least 10 new boating safety instructors to the state instructor registry.

Measure #3: Number of new instructors added to the state registry.



Analysis of results and challenges: The Boating Safety Office did not meet the target for FY06.

B: Result - Provide for the enhancement of recreational opportunities for Alaskans through the partnership and administration of federal and state grant programs.

Target #1: 95% of the grants awarded address issues as outlined by recreational users in the 2004 SCORP.

Measure #1: Percent of grants that address issues outlined in the 2004 SCORP

Analysis of results and challenges: All the grants awarded in 2006 addressed issues that were outlined in the 2004 SCORP as being important to the recreating public.

Grant awards for 2007 are in the process of being reviewed.

B1: Strategy - Management of Federal Grant Programs.

Target #1: Obtain and provide stewardship for Land and Water Conservation Fund, Forest Legacy, Coastal Wetlands and National Recreational Trail grants.

Measure #1: Number of planned projects successfully completed.

Alaska State Parks Awarded Grants - FY06		
Recreational Trails Program		
Applicant Name	Project Title	Award
Sheldon Jackson College	Wilderness Educator Training and Certification	\$31,200
Alaska Trails	Educational Signage & Kiosk Program in Far North Bicentennial Park	\$22,425
Alaska Trails	Alaska Trail Steward Training Program: Phase two, Advanced Modules	\$37,205
Peninsula Sled Dog & Racing Association	Kenai Peninsula Sled Dog Winter Trail Grooming	\$4,999
Matanuska-Susitna Borough	Hatcher Pass Multiple Purpose Trails	\$35,242
City & Borough of Juneau - Engineering Dept	Duck Creek Greenway Trail Phase I	\$46,746
ALASKA STATE PARKS - Kodiak	Piedmont Point Trail Safety & Rehabilitation Project, Phase I	\$26,900
Fairbanks North Star Borough - Dept. of Parks & Rec	Tanana Lakes Nature Trail	\$50,000
SAGA	SAGA	\$244,506
Alaska State Parks - Ketchikan	Waterfall View Lake Link	\$7,175
Alaska State Parks - Ketchikan	Campground Link Trail	\$6,845
Fairbanks Dog Park, Inc.	West Dog Park Loop Trail	\$42,300
Trapper Creek Homeowners Association Inc.	Mile 120 Trail Repair Project	\$49,400
Homer Soil & Water Conservation District	Trail Signage within the Ninilchik River and Deep Creek Watersheds	\$15,925
Youth Restoration Corps	Resurrection Creek Trail Maintenance	\$50,000
Arctic National Wildlife Refuge - USFWS	Dechanlee Trail Restoration	\$21,200
City of Skagway	City of Skagway Trails Signage Project	\$3,607
Alaska State Parks - Northern	Stiles Creek Trail Re-route	\$14,902
Alaska State Parks - Northern	Compeau (Colorado) Ridge Sustainable Trail Construction	\$23,406
Alaska Trails Initiative		
Chugach National Forest	Russian River Anglers Trail Proposal	\$398,928
Chugach National Forest	Iditarod National Historic Trail Seward to Girdwood	\$274,205
Chugach State Park	Arctic Valley Trails	\$101,304
Eaglecrest Ski Area	Juneau Nordic Trails	\$92,674
Mat-Su Borough	Hatcher Pass Trails	\$176,825
Alaska State Parks - Kodiak	Kodiak Trails	\$302,156
Iditarod Trail Committee	Iditarod Trail Committee, Trail Enhancement Project	\$450,240
Sitka Trail Works, Inc.	Sitka Trail Works	\$422,100
Municipality of Anchorage, Girdwood Parks & Recreational Dept., Girdwood Trails Committee	Girdwood Trails	\$97,552
Alaska Dept. of Fish and Game	State of Alaska Wildlife Trails	\$232,201
Wrangell St. Elias National Park and Preserve	Crystalline Hills Trailhead	\$50,183
Trail Mix, Inc.	Under Thunder Pathway	\$93,800
Trail Mix, Inc.	Perseverance Trail	\$691,129
Sitka Trail Works, Inc.	World War II Causeway	\$140,700
Western Alaska Council, Boy Scouts of America	Matanuska Susitna Gorsuch Trails	\$28,000
		\$3,551,997
Snowmobile Trails Program		
Multiple Grants Southcentral, Northern and Kenai	Grooming Pool	\$145,000
Anchorage Snowmobile Club	2006 Chugach State Park Snowmobile Trail Maintenance	\$8,972

Analysis of results and challenges: Alaska State Parks completed the Statewide Comprehensive Outdoor Recreation Plan (SCORP) in 2004. This allowed Parks to be in compliance with Land and Water Conservation Fund requirements. Once this was completed, Parks awarded \$1,239,038 in Land and Water Conservation Fund grants.

Parks awarded \$277,421 in 17 recreational trail grants.

Parks started the application process for the \$4.2 million in trail grants from Senator Stevens.

Parks continued to work on FY03 Forest Legacy Projects. These projects usually take two to three years to complete.

Parks was awarded \$1,000,000 a National Oceanic and Atmospheric Administration grant. This grants will take approximately three years to complete.